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A Matter of Time:
From Work Sharing to Temporal Flexibility in
Belgium, France and Britain

Thesis submitted for assessment with a view
to obtaining the Degree of Doctor of the
European University Institute

Florence, December 1992

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I

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List of Abbreviations

ABVV:	Algemeen Belgisch Vakverbond
ACEC:	Ateliers de Constructions Electriques de Charleroi
ACLVB:	Algemeen Centrale van Liberale Vakbonden van België
ACV:	Algemene Christelijke Vakcentrale
AEU:	Amalgamated Engineering Union
AFEP:	Association Française des Entreprises Privées
ANACT:	Agence National pour l'Aménagement des Conditions de Travail
APEX:	Association of Professional Executive Clerical and Computer Staff
ASTMS:	Association of Scientific Technical and Managerial Staffs
CBI:	Confederation of British Industry
CCE:	Conseil Central de l'Economie
CERES:	Centre d'Etudes, de Recherche et d'Education Socialiste
CFDT:	Confédération Française Démocratique du Travail
CFTC:	Confédération Française des Travailleurs Chrétiens
CGC:	Confédération Générale des Cadres
CGPME:	Confédération Générale des Petites et Moyennes Entreprise
CGSLB:	Centrale Générale des Syndicats Libéraux de Belgique
CGT:	Confédération Générale du Travail
CGT-FO:	Confédération Générale du Travail — Force Ouvrière
CGTU:	Confédération Générale du Travail Unitaire
CIA:	Chemical Industries Association
CNAT:	Comité National pour l'Aménagement des horaires de Travail
CNPF:	Conseil National du Patronat Français
CNT:	Conseil National du Travail
CREDOC:	Centre de Recherche pour l'Etude et l'Observation des Conditions de vie
CSC:	Confédération des Syndicats Chrétiens de Belgique
CSEU:	Confederation of Shipbuilding and Engineering Unions.
CVP:	Christelijke Volkspartij (Flemish)
EEC:	European Economic Community
EEF:	Engineering Employers' Federation
EETPU:	Electrical, Electronic, Telecommunications and Plumbing Union
EMS:	European Monetary System
ETUC:	European Trades Union Congress
FEB:	Fédération des Entreprises de Belgique
FGTB:	Fédération Générale du Travail de Belgique
FN:	Front National
FRG:	Federal Republic of Germany
GDP:	Gross Domestic Product
GMB:	General Municipal Boilermakers and Allied Trade Unions.
GNP:	Gross Net Product

IMF:	International Monetary Fund
INSEE:	Institut National de la Statistique et des Etudes Economiques
ISTC:	Iron and Steel Trades Confederation
MSF:	Managerial Staffs Federation
NALGO:	National Association of Local Government Offices
NEDC:	National Economic Development Council
NUM:	National Union of Mineworkers
NUR:	National Union of Railwaymen
OECD:	Organisation for Economic Cooperation and Development
PCF:	Parti Communiste Français
PRL:	Parti Réformateur Libéral (French—speaking)
PS:	Parti Socialiste
PS:	Parti Socialiste (French—speaking)
PSC:	Parti Social Chrétien (French—speaking)
PVV:	Partij voor Vrijheid en Vooruitgang (Liberals, Flemish)
RPR:	Rassemblement Pour la République
SFIO:	Section Française de l'Internationale Ouvrière
SMIC:	Salaire Minimum Interprofessionnel de Croissance
SNPMI:	Syndicat National de la Petite et Moyenne Industrie.
SP:	Socialistische Partij (Flemish)
TASS:	Union of Engineering Workers — Technical Administrative and Supervisory Section
TGWU:	Transport and General Workers Union
TUC:	Trades Union Congress
TURU:	Trade Union Research Unit
UDF:	Union pour la Démocratie Française
UIMM:	Union des Industries Métallurgiques et Minières
UNEDIC:	Union Nationale pour l'Emploi dans l'Industrie et le Commerce
USCM:	Union Syndicale des Classes Moyennes de Belgique
VOB:	Verbond van Belgische Ondernemingen

Preface

"A la recherche du temps perdu." The French writer Marcel Proust well understood the significance of having time, and in doing so he rewarded us with one of the invaluable masterpieces of 20th century literature.

The present study deals with reducing time in order to have more time. This paradox is unfolded in detail in the chapters that follow. From its genesis, the analysis needed a considerable amount of time and travelled through various time zones. A single place of origin is difficult to identify for it; the formative experiences occurred some time ago in different locations. A car factory in southern Germany, known for its star on the bonnet, greatly influenced the author's perception of time, in particular the relation between working and leisure time. The Department of Sociology at the University of Bielefeld later provided the unexpected stepping stone for unravelling the various dimensions of time in a comparative perspective. Without Claus Offe's invitation to collaborate in a research project, the time spent on working time policies in Belgium, France and Britain would have been much shorter and less thought provoking.

Equipped with a detailed research report and awarded a two-year Ph.D. grant from the *Deutscher Akademische Austauschdienst*, the author set out in the autumn of 1989 to confront the complexity that is Italy. Working at the *European University Institute* (EUI) in Florence provided an invaluable international environment which profoundly shaped the scope and content of the author's dissertation project. During the course of this work at the EUI's Department of Social and Political Sciences, the author entered into a dialogue with Gøsta Esping-Andersen and Hans-Peter Blossfeld who both pointed to the need to *riprendere tempo*. In numerous seminars and discussions their suggestions helped me clarify what repeatedly came to be termed "the dependent variable." Courage was thus necessary to change and scrutinize various parts which had cost the author a considerable amount of time. The test in endurance to which both supervisors invited me finally produced a study which bears only limited resemblance to the project in its earliest stages.

Finally, the comments of many, at times with measured passion, have greatly influenced the evaluation of the present analysis. Those listed will undoubtedly find paragraphs and even sentences where their suggestions, criticism and encouragements have made their way into the work. In particular, I am indebted to M. Eggert, U. Vogt, D. Gregory, J.M. Béguin, B. Ebbinghaus, J. De Deken, J.Y. Boulín, D. Purdy, L. Messeri, Y. Sintomer, M. Held and H.U. Brose.

Introduction

The present study is concerned with one of the most controversial issues of contemporary labour market policies: the use of *work sharing* to confront the social and economic problems caused by mass unemployment. In the course of the prolonged economic stagnation since the mid-seventies, the advocacy of work sharing was linked to the reduction in working hours. This approach implied a large scale reduction of the contractual working week under the heading of the '35-hour week'. The underlying argument in favour of work sharing is that distributive equity (a more equal distribution of employment) and social welfare (improved quality of life) are advanced through the reduction of working hours.

The recognition of working time policies as serving to create new jobs gained currency and decisively influenced the arena of social and labour market policies in a specific set of Western European countries. Such countries can be characterized by a combination of the following three features: (i) an absence of institutionalised commitment to full-employment, (ii) a dearth of a flexible wage policy, and (iii) an intermediate degree of centralisation in the institutions of collective action (for instance national bargaining). Belgium, France and Great Britain¹ are three such countries. Their employment performance during the past 15 years has seldom been characterised as success stories and their labour markets could be said to suffer from 'institutional sclerosis'.²

Throughout the past two decades the relationship between labour market institutions and employment performance across countries has intrigued economists and political sociologists alike. In part, this debate was motivated by the observation that since the onset of a low-growth, high-unemployment phase of capitalist development in the mid-1970s certain OECD countries have fared better than others. On that account the evolution and configuration of unemployment provoked greatest divergence in explanation and policy response.

1) Hereafter referred to as Britain.

2) The term institutional sclerosis highlights frustrated reforms and lack of adaptation. Institutions are considered as widely unaffected by environmental change and/or reform efforts (cf. Kaufman 1976).

Some authors attribute success in sustaining low unemployment rates to the institutional feature of corporatist intermediation. Seen as a device for successful crisis management, *corporatism* is generally understood as a combined pattern of interest intermediation and as a system of concerted public policy-making (cf. *Lehmbruch and Schmitter* 1982). Austria and the Nordic countries are most often cited as the model cases of corporatist income and active labour market policies (cf. *Crouch* 1985, *Bruno and Sachs* 1985).

From a very different perspective, it is argued by *Klau and Mittelstadt* (1986) as well as *Freeman and Weitzman* (1986) that the favourable outcomes are rooted in decentralized and flexible labour markets which afforded competitive forces sufficient leeway for adjustments and revisions, in particular with regard to incomes policies. This market forces approach selects the United States and Switzerland as the positive examples.

Finally, the 'view from the top' holds that the successful employment performance was shaped by the degree of inter-union and interemployer cooperation in wage bargaining. *Calmfors and Driffill* (1988) and *Oswald* (1979) argue that the capacity of labour confederations and employer associations to internalize externalities, such as macro-economic parameters like the level of inflation, the development of unemployment and total demand, essentially rests on independent variables like organisational *centralisation* (the degree of hierarchical control) and *concentration* (the degree of inclusiveness). Both features converge in the idea of encompassing interest organisations in the labour market which are capable of producing a "national perspective on political issues" (cf. *Olson* 1982: 50).³ Again, but from a different point of departure compared with the first approach, Austria and the Scandinavian countries are cited as the economies with the most favourable outcomes.

Such studies not only generated predictions about the interaction of labour market institutions and employment performance but were matched by a search for alternative options outside traditional Keynesian policy making: (i) accelerating rates of inflation, (ii) exogenous shocks, such as the huge oil price increases, to which the OECD countries were subject during the seventies in coexistence with (iii) balance of payments difficulties, (iv) persistent growth in labour supply and (v) the dramatic emergence of unemployment confronted policy makers with a fundamental problem. Fiscal

3) However, as *Olson* (1986) has pointed out, the stability conditions for encompassing organisations are demanding and their dynamics problematic. Given the degree of uncertainty in times of sustained economic crisis, sub-groups in encompassing organisations may very well dominate the configuration of certain issues on the agenda of labour market policies, thus limiting the internalization of cost effects and the moderation of demands.

and monetary policy alone were no longer sufficiently powerful instruments to simultaneously guarantee full employment and secure price stability (cf. *Schmidt* 1987: 5). In consequence, the sustained economic crisis forced acknowledgement that the development avenue of the 1960s, heretofore accepted as uncontested, might no longer be open (see for examples, *Casey and Bruche* 1985; *Scharpf* (1987); *Schmidt* (1987)).

It is at this critical conjuncture that the present study begins. The research constitutes a dynamic analysis of a particular policy process studied across countries and over time. Its focus of interest is the change of specific policy responses to the employment crisis of the 1970s and 1980s. The period under consideration spans the rapid growth of unemployment during the mid-seventies to the eve of establishing the *Single European Market* in 1992. Three national policy settings — Belgium, France and Britain — are compared and contrasted in order to investigate the political behaviour of collective actors in the labour market.

Kohn (1987: 713) has argued that "cross-national research is most useful when it can resolve a disputed question of interpretation." His underlying requirement is therefore that the countries selected for case-oriented comparisons be moderately dissimilar. Obviously Belgium, France and Britain are each democratically constituted countries with an advanced capitalist economy and established welfare state. Aside from these general similarities a number of internal particularities set them apart, including, among others, the institutional framework of the labour market and the politico-economic situation.

The Choice of Countries

The selection of the three countries under consideration needs to be placed in a broader international context. Work sharing, its redistributive potential to the fore, became a common feature of trade union labour market policies in many Western European societies. Belgium, France and Britain were among the countries witnessing shorter hours policies being placed on the agenda of collective bargaining during the late seventies and early eighties. But they were not alone. Alongside them were the Netherlands, Spain, Austria, Denmark and in particular (West) Germany. Hence, the existence of the policy does not account for our choice of countries.

A clearer picture emerges when considering basic structural differences. The three countries display different patterns of industrial relations. To illustrate: the voluntary, fragmented and decentralized nature of the British industrial relations system frustrates the achievement of redistributive

objectives above the individual plant level. *Lash and Urry* (1987: 12) have argued that the "instrumental collectivism and 'democratic anarchy' of the British shop stewards' movement" renders it most difficult to achieve work sharing objectives above the individual firm level.

The French tradition further diversifies the trajectories. Irrespective of its political colouring, protracted governmental intervention highlights both the regulatory competence of the government in labour relations and the repeated subordination of unionism to politics. Moreover, in spite of traditionally low union density figures, and in the absence of neo-corporatist arrangements, the French labour confederations have possessed and proved substantial mobilisation capacities (cf. *Rosanvallon* 1988).

Completing the contrast, Belgium enjoys a state-induced concertation system which seeks to provide political predictability and incremental adjustment to structural constraints beyond the control of *Small European States*. However, one has to bear in mind that the Belgian case does not readily lend itself to the generalisations that govern the mainstream of international comparative studies of unemployment and labour market policy. Capturing the distinctive politico-economic structures and practices in Belgium requires recognition of a specific *regional* dynamic in combination with *linguistic* cleavages which severely constrain any policy confronting unemployment on a national scale (cf. *Bastian* 1992: 36).

Focusing on the three aforementioned countries also allows comparison of the incumbency of different political governments, and to what extent variation of this calibre affected the formulation of labour market policies. Regarding the political environment, the British electorate mandated Margaret Thatcher on 3 May 1979 to lead a Conservative Government that subsequently repudiated the Keynesian economic and social consensus that had prevailed for the previous three decades. On 8 November 1981 the Belgians elected Wilfried Martens to head a coalition government of Christian-Democratic and Liberal parties which quickly introduced a major politico-economic rupture within the country's institutional system.

By contrast, on 10 May 1981 the French elected François Mitterrand as the first Socialist President under the Fifth Republic. Contrary to voting patterns in Sweden in 1976, Britain in 1979, the U.S.A in 1980, and Belgium in 1981, the so-called Rightward drift of Western electorates witnessed a marked challenge. Rather, France in 1981 demonstrated that there was *no* general trend 'to the Right', but "towards the rejection of governments which failed to cope with the contemporary economic crisis, whether the methods used were Keynesian/Social Democratic or 'neoconservative'" (cf. *Lange et al.* 1982: 78).

In the realm of economic and labour market policies, France provides a decided exception to the other two countries: the Mitterrand Government of 1981/82 constituted the single Western European

country where a redistributive policy of working time reduction (*partage du travail*) coincided with the decision to pursue an isolated reflation programme built on Keynesian budgetary policies. In that respect, the centre of gravity of distributive conflicts was explicitly moved by the Socialist Government from the labour market into the political arena. This shift provides a marked contrast to Belgium and Britain, and offers fruitful elaboration on the possibilities for the French labour movement to influence distributive processes by political means. For our purposes, the French case shall be treated with regard to the consequences this shift implied for the choice of conflict strategies and distributive policies.

The Focus on the Policy Process

Across these diverse national settings we analyze the *policy process* in relation to a particular redistributive labour market strategy: *work sharing*. The policy process is conceptualized as a multi-dimensional process consisting of three stages: (i) adoption (agenda-setting and compromise formation), followed by (ii) implementation (action phase) and completed by (iii) evaluation (reinforcement, goal displacement or termination) of the policy. In the context of this conceptualisation, three key actors are examined: the government, employers associations and labour organisations.

Our focus on the dynamics of policy-making in three Western European states serves the purpose of understanding how particular institutional contexts in the labour market affect the operation of industrial relations organisations. The strategy of work sharing provides the empirical support to this end. This strategy (re-)emerged in the course of the structural break with the post-war economic and social settlement. Spiralling unemployment as a pressing problem and work sharing as a means of countering the labour market crisis arose simultaneously on the political agenda during the late 1970s (cf. *Bastian et al.* 1989: 323).

The majority of studies published in the past decade on the issue of working time reduction privileged the examination of labour market efficacy, and, in theoretical terms, the instrumental rationality of the respective policy. Econometric simulations and plant-based case studies were the characteristic methods applied to a research agenda which was traditionally concerned with the evaluation of goal achievement (cf. *Tuchszirer and Greffe* (1986) for the Belgian case, *Marchand et al.* (1983) for the French example and *White and Ghobadian* (1984) for the British case).

Operationalizing policy evaluation exclusively in terms of outcomes implied comparing results with goals. Hence, the focus centred around the effects of working time reduction, in particular the

policy's performance record with regard to curtailing unemployment. The yardsticks chosen for such a form of policy evaluation were the respective success or failure of shorter hours in creating new jobs. Yet, very little emerged from the aforementioned references on working time policies about the importance of *institutional* variables structuring the interactions of industrial relations actors. The operation of labour market policies depends on whether the resources needed for implementation are available and can be legitimately used. Institutional arrangements in the industrial relations system provide collective actors with resources and regulate their use. Disregarding institutional dynamics can lead to the neglect of one of the fundamental paradox of contemporary labour market policies. It is likely that such policies are sought in situations when the constraints of the circumstances in which they are to be applied are such that their chances of proving effective are highly uncertain (cf. *Olsen 1992: 253*).

The outlines and implications of our policy process analysis will be elaborated in more detail in the course of the chapters that follow. Still, some comments about the general relevance of institutional factors shaping policy processes in the labour market are apposite here.

In analysing the logics of politics in Belgium, France and Britain, I attempt to show how different policy processes produce similar programme profiles at the level of labour market policies. Empirically, this is applied to the adoption and implementation of work sharing strategies via working time reduction and its subsequent transformation into issues focusing on the introduction or enlargement of temporal flexibility in the labour market. Identifying the variation in the routes adopted and exemplifying such diversity in terms of the institutional characteristics of the policy processes in the three countries form the centrepiece of the analysis.

This view of the policy process implies that advancing redistributive strategies forces labour market actors into subjective assessments of environmental stability or change, trade-off constellations as well as interpretations about the respective performance of policies. *Performance* is understood as informing labour market actors about the relative efficacies of strategies. The conclusions which the different organisations then arrive at are reflected in the subsequent flexibility of organisational behaviour. This assumption has some ramifications for our analysis. Exploring the significance and effects of experience implies investigating possible strategy changes and policy transformations resulting from what *March and Olsen* (1988: 335) have termed "organisational learning under ambiguity."

Policy adaptation concerns how organisations adapt to changing, uncertain environments. To study collective actors in such a way is to identify the degree to which their policies have to be modified in order to address new conditions. However, learning from experience has to take two central features of the environment into consideration: (i) the frequency of changes, of which many

cannot be anticipated in times of sustained labour market problems, (ii) and the degree of uncertainty deriving therefrom which impairs strategies from being stable over time (cf. Kurke 1988: 203). Strategies may thus change as a result of reflection based on experience, necessity or contextual ambiguity. The comparison is therefore particularly concerned with how organisations assemble responses to outcomes.

Learning from experience may not only be difficult to adopt, but if it so happens, there is no guarantee that the politics of learning live up to original objectives or a changed set of policies. In response to policy performance, environmental change or institutional constraints labour market actors display patterns of "selective perception" (cf. March and Simon 1958: 127). These perceptions shape their horizon of attention, filter available information and determine the repertoire of possible responses.

Policy modification is treated in the context of labour market actors learning, that is developing experience, forming evaluations and basing subsequent responses on these two. Policy adaptation is thus an outcome of policy performance and changes in the socio-economic environment of industrial relations actors. For our purposes it will serve as an analytical lens on the chances and limits of policy-learning. In the Belgian and British cases the focus is on policy adaptation after fundamental changes in the law and standard operating practices of industrial relations became politically feasible because the respective governments had converted to monetarism and no longer depended so much on union cooperation. The French example considers the incapacity of unions and employers' associations to alter premises of decision-making on various policies and Mitterrand's experience of being 'out of step', both of which fostered the government's resolution to entirely alter the *Socialisme à la française* reform project.

This study of redistributive strategies can extend our knowledge of labour market policies in three ways. First, the analysis explores work sharing strategies along the axes of (i) policy adoption, (ii) compromise formation and subsequent implementation, (iii) as well as policy evaluation. In that respect, the political dynamic inherent in the strategy of work sharing has a broad reach: It extends from the evaluation of (working) time preferences of the workforce to the intervention into fields as controversial as income sharing, the establishment of inter-organisational compliance with redistributive objectives and the selection of implementation procedures that correspond to the standard operating practices of individual sectors and firms.

Second, the comparative nature of the study is a major advantage. Such a comparative enterprise can bring a wider range of options to view. By enlarging the focus of analysis to an institutional approach of state-capital-labour relations across countries we can divine structural properties that shape distinctive national patterns of policy. Such properties can be regarded as resources for the

achievement of outcomes. Still, comparative research is sometimes criticised on the grounds that evidence generated for one country hardly applies to another because the multivaried contexts of countries have to receive appropriate affirmation. Our comparative focus directs attention to how these are shaped by an institutional design and what dispositions the government, employers associations and labour organisations manifest towards redistributive strategies.

Finally, the critical role played by labour market institutions in the articulation and adoption of working time policies is of pivotal importance for an understanding of policy processes in Belgium, France and Britain.⁴ Examining the interaction between interests, institutions and strategies in the industrial relations systems contributes to a broader theoretical understanding of labour markets as systems of economic and social interaction.

The Empirical Basis of the Research

The analysis utilizes different sources of information, none of which assumes priority. Documentary sources include statistical data, research material produced by institutions that service governments, employers' associations and trade unions. Furthermore, the study rests on partly unpublished documents that became available through direct contacts with government representatives and officials of the individual industrial relations organisations.

In preparing this study, the author benefited greatly from a series of interviews conducted in Belgium, France and Britain between 1988 and 1990. The interviewees consisted of representatives of interest groups, officials of trade unions, employers' associations, political parties, government executives and academics in each country. The list of interviewees for the respective countries is presented in the Appendix.

The importance of the interviews has to be seen in context. Their originality did not derive from the fact that they yielded information which was not available from the growing body of literature on labour market policies. Their significance rather originated from experiencing the different industrial relations actors in their environment, receiving an insight into the opportunities, constraints and situational perceptions which shape decision making about labour market policies amidst

4) For an analysis of suboptimal choices in politics based on a rational choice approach to institutions which covers the same three countries as our study see *Tsebelis* 1990.

an unprecedented level of contextual uncertainty. Thus, the interpretation of objective data from other sources was greatly enhanced through meeting labour market actors in their respective surroundings.⁵

Finally, parts of the empirical case studies are based on an extensive research project at the University of Bielefeld, Department of Sociology in which the author took part. The research focused on comparing developments in working time policy in seven OECD countries during the period 1975–1990. The countries under consideration were Austria, Belgium, Britain, France, the (former) Federal Republic of Germany, the Netherlands and Norway. The project was funded by a two year research grant of the *Deutsche Forschungsgemeinschaft* (DFG), and was directed by Prof. Dr. Claus Offe and Dr. Karl Hinrichs (University of Bremen, Center for Social Policy). The analysis was carried out between August 1987 and February 1990. For a detailed overview see the final research report submitted to the DFG (cf. *Bastian et al.* 1990). In toto, the diversity of information sources will thus permit us to reconstruct the *making* and *transformation* of a core issue on the agenda of labour market policies during the past decade.

The Order of the Analysis

The chapters that follow are designed to achieve various purposes. Organised around a comparison of working time policies in Belgium, France and Britain, the analysis seeks to illuminate the dynamic interplay between actors, policy processes and the industrial relations context. The study's fundamental contention is that institutional arrangements shaped the formulation, compromise formation and implementation of redistributive labour market policies. Thus, institutions structure the interaction of labour market actors and influence the actors' definition of interests, one's own as much as the anticipated complementary behaviour of other collective actors.

5) Adding to the interest and the substance of the study were revealing incidents and surprising options that often accompany personal interviewing. Of those contacted for interviewing, only one — although firmly agreed — was unexpectedly prevented due to his "Wimbledon holiday". On another occasion, interviewing the President of a University in Belgium who was a former State Secretary to the Employment Minister ultimately resulted in receiving the invitation to interview the Employment Minister himself.

The chapters I and II provide the theoretical terrain. First, by conceptualizing work sharing as a redistributive labour market strategy. The advocacy of work sharing through reduced working time concentrated on redistributing employment in favour of those seeking (re-)entrance into the labour market. Accordingly, the emergence of work sharing on the agenda of labour market policies is analysed with reference to a policy process with multiple features: the mosaic of policy adoption, implementation and evaluation.

The dynamic of the policy process is taken up in chapter II. The Chapter attempts to identify how strategies are translated into policies and takes account of the constraints involved in the process. In essence, decisions concerning labour market policies are made under contextual uncertainty and with limited means of forecasting their performance, let alone unanticipated contingencies.

The empirical chapters contain an account of working time policy in Belgium, France and Britain during the past 15 years, which can be read for its own sake. The main objective of these chapters, however, is to unfold the direction that working time policies took in the three countries. By doing so, I shall direct the searchlight to institutional dimensions of policy making in the labour market.

The Belgian case is underpinned by the recognition of a specific regional dynamic which placed any attempt to confront the labour market crisis on a national scale under taxing constraints. By contrast, in the French example I highlight the interaction between the state and the collective bargaining organisations in the field of work sharing, and illustrate how the lack of support from the latter influenced the decision of the former to terminate the objective of the 35-hour week. Finally, the British chapter draws attention to the capacity of unions and employers associations to perform as positive contributors for active labour market policies. Given the fragmentation and decentralisation of British labour relations the implementation of work sharing policies was bound to be conflictual and subject to repeated legitimacy problems.

The comparative perspectives in chapter VI outline the institutional dynamic of labour market policies in Belgium, France and Britain more completely. In this context, Germany is briefly added to the analysis as a counterfactual. It serves the purpose to achieve more comparative leverage over the issues at hand. The comparison further includes a number of questions still searching for answers which are addressed in the closing parts of the chapter. They deal with, *inter-alia*, the increased prominence of non-standard forms of work and the challenge of improving the flexibility of industrial relations in Belgium, France and Britain.

CHAPTER I

Conceptual Focus and Background of the Study

1. Work Sharing as a Redistributive Strategy

There are two broad types of policies focusing directly on jobs: employment policies and labour market policies. The distinction is not entirely felicitous. Because both types of policies are overlapping categories it is acknowledged that the terminology rests on thin ice. In practice the differentiation between the two is equally ambiguous. There are a number of reasons for this. First, various employment policies affect one or a combination of labour market parameters (for instance labour supply, vocational training, job creation through subsidies to relocating firms). Furthermore, the distinction between employment and labour market policies is generally one of degree rather than of kind. Finally, at a conceptual level little agreement exists on how each should be defined with regard to their differences.

Uncertainty over their definitional boundaries derives from the problem of distinctively conceptualizing the scope and depth of interventions into labour markets which serve the purpose of reducing unemployment for persons who are ready to work (cf. *Janoski* 1990: 7). The lowest common denominator would be that labour market policies can be regarded as a subset of employment policies. The latter are characterized as serving the unemployed and directed towards explicit job creation, while the former are designed to improve the employability of (specific) groups of the workforce inside and outside the labour market. Besides, labour market policies seek to influence the composition of employment demand during rapid structural change. In addition, employment policies may require the direct involvement of government, for instance when implementing public sector job creation schemes. In sum, it is necessary to emphasise that the differentiation between the two is an analytical, not a substantive one (cf. *OECD* 1983: 8).

As a labour market policy *work sharing* is characterized by its redistributive objectives. It seeks to influence the supply side by altering two parameters in the operation of the labour market: the duration and configuration of standardized annual or weekly working time. The advocacy of work sharing, in French *partage du travail*, through shorter hours envisaged a large-scale redistribution of paid work in the mainstream economy between those in full-time employment and those seeking (re-)entrance into the labour market. It therefore differs considerably from an approach to work sharing that is well established at the level of the individual firm: short-time working. The underlying assumption of short-time working is that weekly working time and wages are (temporarily) reduced in order to avoid redundancies resulting from a downturn in business (cf. White 1987: 27).

For our analysis the distinction between work sharing as a distributive strategy and working time reduction as the policy outcome is central. This differentiation highlights the dynamic approach to policy making that is adopted here. In relation to work sharing we ask, and provide empirical evidence for, the question: how do strategies converge into policies? The use of the term *strategy* and its analytical prominence are deliberate. The term *strategy* has rational choice implications which — inter alia — refer to comprehensiveness, coherence, consciousness, long-term perspectives and patterns of interaction between agents (cf. Elster 1989b). Furthermore, a feature of strategies as distinct from policies is that they develop a dynamic of their own after their adoption. Strategies can become a public property — a common point of reference which fascinate and intrigue both supporters and opponents alike. This in itself usually guarantees that once it has become established as public property, a strategy will take on a life of its own.

Strategies are thus developed in dynamic situations. Hence they are subject to constraints, contextual uncertainty and possible change. With such dimensions strategy makes reference to the activities of a (collective) actor, and cannot be examined apart from the acting self. It is necessary to reinforce this apparent tautology because in a substantial part of the sociological literature the nature of strategy is discussed primarily in relation to a contrast with tactics and practices. However, the characteristics of the interplay between strategy and agency remain unexplored or implicit (cf. Crow 1989).

The term 'strategy' as I apply it here involves the dynamic interplay between actor(s), objectives and the industrial relations context in which the strategy is being employed (cf. Kochan et al. 1984). This interrelation raises questions of strategy formation with regard to (i) the attention being paid to the actors involved (originators of a strategy), (ii) the strategy of others (institutionalised relations between social actors) and (iii) that elements of an original strategy may change over time in the process of compromise formation and policy evaluation (structural constraints on strategic choice).

Throughout, the emphasis is on the relational character of strategies in the industrial relations systems; that is to say, on the adjustment and re-adjustment of strategies through the interactions of collective actors. This dynamic component implies choices, resources and discretion over decision procedures. In a word, the dynamic places the question of autonomy and dependence in social interaction on the research agenda. Both properties involve exercising power. The notion of power is understood in a relational sense, and concerns the accomplishment of definite outcomes in strategic conduct. The realisation of these objectives is contingent on the agency of other actors. This aspect of structural constraints on strategic choice has received considerable attention in the analysis of collective actors in industrial relations systems.

"a choice of strategy is not just a choice between goals, but a choice between goals *set in the context of the means needed to secure them*. It may often happen that a union pursues a less desired goal because the means available to secure it are less hazardous than those needed for a more desired goal. The result is often peculiar: unions and workers are seen to pursue a strategy which no one really wants. But the alternative may have been securing no goal at all (cf. Crouch 1982: 139, emphasis in original).

Situated in such an understanding the strategy of work sharing opens capital-labour bargaining, focused on income levels, to the provision of additional jobs through working time reduction. The increased salience of work sharing demands in the public discourse about labour market problems thus reflects changing frontiers of distributional conflicts between the industrial relations actors (cf. Korpi 1980: 300). However, we have to bear in mind that such distributional conflicts are not simply issues of shifting frontiers. The interpretations and meanings that labour market actors attach to legal, political and social institutions significantly augment our understanding of work sharing demands. The general predispositions of industrial relations actors towards the (i) employment crisis, (ii) changing nature of the labour market, (iii) modes and scope of state intervention and (iv) welfare state provisions are essential for comprehending distributive conflicts emerging since the mid-seventies (cf. Shalev 1983: 315).

2. The Historical Background

The genesis of work sharing on public platforms and bargaining agendas was essentially pragmatic. Some governments as well as many trade unions in the main OECD countries valued the strategy of work sharing as a response to the evident end of the halcyon days of vigorous economic growth and near full-employment. According to governmental and union blueprints advocating the positive effects of work sharing, the alleviation of widespread problems of employment rested on two interdependent parameters: (i) the greater the proportion of working time reduction and (ii) the speedier this reduction was arrived at. Rather than deriving from new investments and enlarged profitability margins, job creation was considered to be the outcome of redistributing the volume of work offered. Thus, in theory, firms are forced to look for a combination of improving productivity and reverting to the external labour market.

Therefore, the salience of work sharing must be seen in the light of an institutional challenge: recourse to other strategies capable of mastering the labour market crisis were either blocked in various OECD countries, or established routines of policy making increasingly became subject to legitimization problems. With the drop or even cessation of economic growth and the rapidly expanding unemployment rates, collective bargaining actors were forced to confront the readjustment of two traditionally crucial elements of their repertoire of industrial governance: determining trade-off constellations in the distribution of income and the allocation of employment opportunities (cf. *Bastian et al.* 1989: 323).

It should become clear through these remarks that I am concentrating on work sharing as a means to an end: reductions in standard weekly hours were identified by unions and governments as a regulatory measure capable of advancing redistributive objectives in the labour market. In that respect, I am not concerned with (working) time as a sociological concept. The calculation of working time extends over various periods of calendar time: daily, weekly, monthly, annually and life labour time (cf. *Zoll* 1988). For our purposes it is unnecessary to investigate these periods. I shall rather be particularly concerned with the impact of weekly working time reductions on enhancing work sharing. Furthermore, the focus is on *active* phases of shorter hour policies, therefore some temporal imbalance in the coverage of time periods in the three countries is self-evident.

Formerly, the demand for a reduction of normal working hours focused on a re-adaptation of working time organisation to differentiated needs of society and changing leisure preferences of the individual employees. In other words, the reorganisation of working time schedules and the dese-

ling of rigid time regimes were regarded as measures supporting economic modernisation and extending social welfare gains. In addition to such viewpoints which dominated the shorter hours debate during the period 1960–1979, a variety of social norms was invoked in working time policies. Such normative considerations included equality of treatment and fairer divisions. In particular, the *industrial* unions would call for a reduction in working hours, and receive instant support from their rank—and—file because they viewed existing disparities with white—collar staff as an undue and unjustified practice. Engineering unions therefore concentrated on curtailing, and eventually overcoming, differentials between occupational ranks.

However, this normative approach harboured serious difficulties, several of which stemmed from a failure to address existing working time differentials in recognition of the gendered dimension in the division of labour (cf. *Daly and Scheiwe* 1991). The distribution of working time inside and outside the labour market between men and women did *not* become an issue of a redistributive strategy intended to curtail unemployment (cf. *Purdy* 1988: 145ff.). The logic of the work sharing debate surfacing first in the traditional Fordist industries saw the prime age male worker as the primary bread winner. Furthermore, he constituted the core of union militancy in manufacturing industries and felt entitled to make the strongest claims over a shrinking supply of jobs in the secondary sector.

In its formative stages the work sharing debate can thus be regarded as accommodating a Fordist policy logic. However, the timing and goal formation of the strategy exhibited a profound paradox: the work sharing alternative was adopted by blue—collar unions when the Fordist reality was increasingly crumbling. Only when the policy transformation from work sharing objectives towards enlarged options for temporal flexibility set in did the gender division in the patterns of work organisation and non—market work in the household economy gradually make their way on the collective bargaining agenda (cf. *Kurz—Scherf* 1988: 544).

3. Towards an Institutional Understanding of Labour Market Policies

The present research tries to make a number of theoretical contributions. First, our enterprise lends a dynamic understanding to institutional theories¹ of the labour market. In studying labour market institutions we must distinguish between (i) institutions as providing a regularity in collective behaviour, a focus that is often applied in game theoretical analysis of institutions (cf. *Hechter*

1990; *Sened* 1991), and (ii) seeing them as constituting an organisational or legal structure which enforces, determines and alters policies and the polity (cf. *Freeman* 1988; *Shepsle* 1989). This categorisation does not imply that the two approaches are mutually exclusive.

In practice, however, the discussion of the former approach is mainly concerned with the emergence of institutions and links their genesis either to the spontaneous and voluntary actions of self-interested atomized individuals (invisible hand approach) or to individual demands for jointly produced private goods (solidaristic logic). By contrast, the latter scholars conceptualize institutions as part of the environment which present labour market actors with a matrix of incentives.² Given our focus on the policy process in the labour market we must sidestep a further analysis of institutional *genesis*, although it is acknowledged that deliberation along such lines is fruitful.

Furthermore, placing the key focus on the ways in which a particular institutional context affects the operations of labour market organisations emphasizes the procedural properties of institutions. Having noted the organisational and legal structures of institutions, our approach stresses how routinized compliance processes and standard operating practices shape not only the stability and persistence of institutional arrangements but simultaneously determine the formulation, adoption and implementation of policies (*Shepsle* 1989: 137). Finally, our understanding of institutions as structuring the interactions of labour market actors holds that organisational positions within institutional arrangements influence the actors' perception and definition of interests, one's own as much as the anticipated complementary behaviour of other strategic actors (for instance competing unions, employers or business associations, the state, international institutions).

This relational character of institutions (cf. *Hall* 1986: 19) leads us to the final implication: the power relations within institutions and the control over institutional procedure. Studying the policy process involves acknowledging that the labour market is "embedded" in and formed by (i) networks of social relations, (ii) social institutions like the welfare state, (iii) demographic factors and (iv) the critical importance of (asymmetrical) resources available to the industrial relations actors. Hence, we conceive labour market institutions as arenas of "democratic class struggle" over agenda power and policy outcomes (cf. *Korpi* 1983: 21).

1) Institutional theory has a long tradition in social sciences. As *Durkheim* ([1895] 1938: 1vi) already noted "sociology can...be defined as the science of institutions, of their genesis and of their functioning."

2) Understanding institutions in their dual aspect of agency and structure helps in overcoming the trap of structural determinism, namely through the predominance of economic structures, so common in mainstream marxist social sciences of the sixties (cf. *Giddens* 1979: 49–95).

Our understanding of institutional arrangements as being affected by a system of social relations and political forces runs counter to structural—functional explanations that view institutions as the efficient solution to economic problems (cf. *Williamson* 1981). Currently resurfacing under the heading of "new institutional economics", *Williamson* assumes that institutions are a functional substitute for the incapacity of atomized individuals to create trust between each other. By contrast, our endeavour provides evidence in support of the view that the contextual properties of institutions are essential influencers of the operation of (collective) actors. For this reason, we are concerned with the ways in which interests and preferences develop within the context of institutional action.

4. The Policy Backdrop: Reacting to a Critical Conjuncture

The labour market crisis unfolding midway through the seventies is taken as a critical starting point. Why and how it came about is a matter of substantial controversy ever since its emergence after the first oil price shock of 1973/74. Out of the pool of competing crisis analyses three approaches merit brief presentation. They mirror the range of theoretical positions elaborated to describe the critical conjuncture midway through the 1970s. However, no attempt is made to rank them on their capacity to explain the crisis phenomena in the labour markets of Belgium, France and Britain. Rather, they are utilized to provide stepping stones for our central argument in this section: that routines of Keynesian demand management were profoundly thrown into question and generated a new set of policy responses.

The British economic historian *Maddison* (1991) posits the post-war prosperity as the exception, rather than the normal course of events, in OECD countries. For him, the formidable success story between 1945 and the early 1970s was the result of a unique development of capitalism in Western European societies. According to *Maddison*, the erosion of the particularly favourable circumstances of the "golden age" involved facing (i) double-digit inflation, (ii) floating exchange rates as a result of the collapse of the Bretton Woods international monetary systems in 1971, (iii) balance of payments and terms of trade shocks as well as the (iv) disintegration of the full-employment objective. Dealing with these shocks implied new risks for policy-making, and transition problems in devising new instruments. "It was felt that accommodation of inflation beyond a certain point would lead to hyperinflation, and that hyperinflation would threaten the whole socio-political order" (cf. *Maddison* 1991: 188).

The French economist *Boyer* (1988, 1989) elaborates a completely different interpretation. His scholarship has introduced the paradigm of the *Regulation School*. For Boyer the "big crisis" in 1974, like the world wide recession of 1929/30, represents central fractures and crossroads for the transformation of advanced capitalist societies. Overcoming such a major crisis by making the correct turn occurs through the protracted use of new structural parameters. Such societal mechanisms of regulation range from the international division of labour, new monetary and fiscal policies as well as readjusting the trade-off patterns in capital-labour bargaining. But the existing policy toolbox, primarily consisting of a combination of economic growth and (near) full-employment, overtaxed the labour market organisations when the crisis began to reveal its dramatic dimensions. Acknowledging that the unfolding crisis required new responses betokened a hard-felt farewell to established routines of crisis management.

Finally, the American economist *Piore* and sociologist *Sabel* herald the end of the *Fordist* age of mass production. Its demise coincides with the loss of influence of Keynesian demand management policies directed at macro-economic objectives, in particular full-employment and welfare state expansion. A further shift in the international economy during the 1970s concerned the increasing interdependence among nations in the global economy. As *Piore* and *Sabel* (1985) argue, with the expansion of manufacturing in newly industrializing countries like Taiwan, Singapore and South Korea, Western European firms faced growingly stiff foreign competition and as a result therefrom, the loss of manufacturing jobs in textiles, steel and shipbuilding. With the spread of micro-electronics, the regionalization and flexible specialization of production patterns, the authors identify a changing industrial logic. The contours of such new industrial arrangements bear the possibilities of prosperity, and therefore the chance for a reintegration of the economy into society.

Notwithstanding the merits and flaws of the three approaches they all share, albeit from different points of departure, the observation that since the beginning of the seventies central features of advanced capitalist economies have undergone sustained transitions. This assertion forces us to enquire what precisely changed, and simultaneously to consider how governments and collective bargaining organisations in the industrial relations systems reacted to this major rupture.

The starting point is best characterized as the experience of a multi-dimensional break with tradition for Western European countries. The contextual conditions for the successful expansion of capitalist economies prevailing until the mid-seventies had promoted a comfortable accommodation: the economic arrangements and institutional routines in Western Europe neither challenged the relevant labour market actors to verify their prerogatives of economic and social policy making, nor forced a revision of the interpretations on which they were grounded.

In the Keynesian diagnosis, re-emerging unemployment was identified as a manageable shortcoming within the demand side of the labour market, almost a hiccup in fact. The *Mc Cracken Report* (1977: 14) understood both the inflationary outburst of 1974 and the rise in unemployment that followed the oil price shock as the outcome of "an unusual bunching of unfortunate disturbances *unlikely to be repeated*" (author's italics). Thus, this OECD expert committee recommended that "better use [be made] of existing instruments of economic policy" (ibid.).³

But as the crisis aggravated and lengthened, the expectations among governments and industrial relations actors of a speedy return to the *status quo ante* underwent a profound empirical setback. It was precisely the established routines and measures of economic policy making which were increasingly being thrown into question by the duration and magnitude of the recession. Henceforth, the agenda of economic policy making in general and labour market policies in particular was to be dominated by the capacity of governments and collective bargaining organisations to come up with proposals that either fell within a Keynesian perspective or sought a return to full-employment beyond Keynesianism.

In the absence of policy instruments that could be effectively employed for controlling demand and supply, economic policy makers were faced with a choice between containing inflationary pressure and weathering unemployment. In that respect, the first central revision of the Keynesian post-war compromise occurred in the shape of stagflation policies. Within this approach, curtailing inflation was singled out as the pertinent objective of macro-economic policy making. "The policy response given was to contain the inflationary impulse and to prevent the price shock becoming built into the domestic wage/price spiral" (cf. *Llewellyn* 1983: 204). Strikingly enough this response was initiated by policy makers who could not be suspected of being stirrup holders for neo-liberal economic doctrines. For instance, the former British Labour Prime Minister James Callaghan justified his spectacular alteration of policy priorities at the Party Conference in 1976 in the following terms:

"We used to think you could just spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you, in all candour, that the option no longer

3) To what extent this view was matched by similar recommendations in the field of anti-inflation policies is reflected in the following finding. Concerning incomes policies at the outset of the 1970s the OECD (1970: 35, § 80) could diagnose that "the fundamental problem is how to get people to exercise the moderation that they would do if they *believed* that a major recession was possible, without *actually* having to administer the lesson" (my italics).

exists, and that insofar as it did exist, it only worked by injecting bigger doses of inflation into the economy followed by higher levels of unemployment at the next step. The [Labour] Manifesto was right when it said that the first priority of the Labour Government must be a determined attack on inflation" (cf. *Labour Party* 1976: 189).

This lengthy quotation serves well to illustrate that the gradual turning away from economic and political principles of Keynesianism by its initial protagonists had a profound impact on their most important political ally: the trade unions. For the abandonment implied to abstain from bail-out guarantees that labour organisations had enjoyed in the domains of labour market policy and expanding welfare state provisions. With the policy shift towards controlling inflation and the inertia displayed by governments to urgently prioritize growing unemployment, trade unions were left to mobilize their own organisational resources to challenge the unfolding labour market crisis.

However, the labour confederations faced a dilemma with a number of dimensions. First, a primarily growth induced fall of unemployment was deemed unlikely, even if still hoped for, and became increasingly identified with unintended side effects, especially in the field of environmental problems. Additionally, the unfolding phenomenon of jobless economic growth was fundamentally altering the definition of how a return to full-employment could be achieved in the short-term (cf. *Esping-Andersen* (1990: 148). Finally, spelling out the components of active labour market policies forced a marked recognition of how far the composition of the labour force had changed in post-war capitalism. Such changes had been under way for decades, but it was only in the face of the employment crisis that they forced their way to the forefront of attention.

The mainstream definition of full-employment had privileged able-bodied men as the bread winners (see for instance the *Beveridge-model* for Britain). But as a glance at labour force participation rates from the 1960s onwards illustrated, the broadening of what constitutes full-employment was a result of the female half of the nation repeatedly knocking on the doors of and entering into the labour market. Hence, any active labour market policies introduced by a government and/or collective bargaining organisations during the employment crisis had to confront the dramatic increases of new, especially female, labour force entrants.

These different transformations forced a much wider menu of policies onto the agenda. The features of the employment crisis and the challenges resulting therefrom exhibited various problem fields for which the relevant labour market actors would have to open their window(s). Yet, the field was not without its fences: certain alternatives lacked credibility, displayed a limited degree of efficacy and were subject to considerable legitimacy problems. For example, the selective curtailment of the active labour force on the basis of ascriptive features like reducing the number of

foreign workers or lowering female labour force participation in the three countries were either considered economically ineffective (for the former) or politically and socially illegitimate (for the latter).

In a similar vein, an exclusive focus on early retirement schemes, while temporarily compensating for redundancies, was marred by self-evident limits regarding direct job creation. Adopted for ad-hoc responses to the evolving labour market problems, such schemes provided a (non-intended) parametric shift of norms and expectations, in particular among older employees. A transformation insofar as the standard working lifetime was permanently changed. Still, even if such schemes include a replacement clause, the programme does not influence the level of employment by creating *additional*, new jobs. Focusing on labour force participation rates of the elderly may thus quickly amount to no more than a palliative. Such an approach entails macro-economic disutilities on budgetary resources as well as the under-utilization of manpower capacity. The more workers take advantage of existing schemes worked out by the government and/or collective bargaining organisations, the more financial capacities are affected, thereby running social security budgets and firms' pension programmes into unintended, but astronomical, deficits.

Given considerations such as these, *Scharpf's* (1991a: 272) claim that "achieving full-employment is a distributive problem [whose] main burden must be borne by the workers", is of pivotal importance for the present study. Much of the discussion which follows is therefore focused on the taxonomy of commitment to redistributive labour market policies. I shall be particularly concerned in the following sections with the question of to what extent the state, capital and labour hold shared or conflicting conceptions of their interests in the field of defining employment problems and providing the means of confronting them through work sharing. In what form past scholarship in this policy field has addressed these questions or ignored their importance shall be reviewed in the following section.

5. Shortcomings in Existing Research on Working Time Policy

Prime examples of existing scholarship on the labour market effects resulting from working time reduction include the analysis by *White and Ghobadian* (1984) of the implementation of the 39-hour week in Britain. Regarding France, *Marchand et al.* (1983) focused on the state-induced working time policies during the Socialist experiment of President Mitterrand in 1981–83. Finally,

the Belgian case was examined by *Tuchszirer and Greffe* (1986) who centred their inquiry on the combination of statutory income moderation and shorter hours policies during the 1982–1986 period.

All these studies share the central aim of furnishing objective evidence for the following research question: does a policy of working time reduction constitute a rational strategy for curtailing sustained labour market problems? The positive line of the argument implies that since work sharing is considered instrumentally rational with regard to its expected performance, namely furnishing new jobs, it will be adopted by one or a combination of labour market actors. Inversely, the acknowledgement of unintended side-effects and dilemmas which could hamper the presumed favourable outcome will guide the concert of actors to refrain from advancing the demand, thus suggesting a hands-off approach. On a more theoretical level, the studies' emphasis has been placed upon regarding work sharing as an active accomplishment of purposive, knowledgeable collective actors. The actors of state politics and capital-labour organisations are regarded as rational agents who are constituted in such a way that they are receptive to arguments grounded on strategic rationality.

Simply arguing that a strategy is considered rational and therefore translated into action by the state and/or collective bargaining actors is a sociologically precarious description of the motivation to adopt a certain measure. This is all the more important against the background of a permafrost of structural unemployment. Accordingly, it is misleading to ask which strategies are instrumentally rational for the achievement of a specific objective, for instance labour market efficacy. The basic flaw of such an argument is that it involves putting the cart before the horse. A brief digression into "states that are essentially by-products" (cf. *Elster* 1983: 43ff.) may provide added illustration.

What the three studies mistakenly tend to erect into goals for political action effects — namely job creation — can only come about as the by-product of activities undertaken for other ends. *Elster* argues in his paramount analysis that some individual and societal states cannot be brought about directly but arise spontaneously by abstaining from seeking to execute them deliberately. The intentionality to achieve a certain state only results in a widely self-defeating experience. This drawback inheres as much in the actor constellations as it derives from the state to be realized by one or more agents. In short, the advocacy of redistributive equity in the labour market may generate reactions from the employers and/or the state which hinder the realisation of the objective (see chapter II, section 2 for a more detailed account of this argument).

In contrast to the aforementioned studies, the present enterprise refrains from entering into the fray of methodological controversy about the measurement of employment effects of working time

reductions or the validity of diverging results of those evaluations. The truth is that definitions are so flexible, reliable data so limited, the possibilities of statistical misinterpretation so great, and standards of scholarships so elastic that almost any argument in this debated field can call on empirical support (cf. Åberg 1987; Hart 1984; van Ginneken 1984). In addition, when relying exclusively on result indicators the problem arises when to determine the appropriate timing for policy evaluation and who should be blamed for ineffectiveness.

How to deal with the performance of a policy which is explicitly focused on the objective of job creation therefore resembles so-called wedge issues: a way for each side in the debate on policy evaluation to prove the unreasonableness and fallacy of the other side. We can expect that "organisations prefer to take credit for conditions enhancing outcomes but insist that conditions having a negative effect be taken into account if outcomes are evaluated" (cf. Scott 1992: 354). Hence, the enterprise of comparing ex-ante prognosis with actual labour market performance is a matter of consistent controversy and confusion.

Lack of sound data and methodological constraints linked to identifying an invariant relation between a single input factor and its various outcomes are at the core of such evaluation shortcomings. In fact, however, the issue at stake cannot meaningfully be reduced to any single, purely quantitative yardstick of evaluation. The presence of many concomitant causes of both success and failure render it necessary to recognize the multiplicity of legitimate evaluation criteria. Moreover, inherent limits in appraising policies by quantifying the performance of specific measures make it difficult to present a yardstick that will fully capture the many different aspects of labour market policies. For this reason, the practice of policy evaluation includes taking the larger policy context into consideration, which again entails the use of a variety of evaluative criteria (cf. White 1987: 16–21).

For our purposes we will narrow the issue of policy evaluation to the following set of questions: how do industrial relations organisations interpret the performance and possible (unintended) side-effects of the implementation process? Can these interpretations affect the behaviour of actors by altering their subsequent choice of strategies? More generally, how do perceptions and conclusions arrived at by the state and capital-labour bargaining inspire or limit further action in the policy field under consideration? On that account, instead of looking at the success/failure variables we focus on the resources of collective actors in the labour market to adopt, and later either alter or reinforce a certain strategy. Our approach acknowledges that strategies, once initiated and later transformed into policies, can take on a life of their own. For this reason a policy cannot be seen in isolation. It interacts with other policies and is embodied in institutions, social norms and standard operating procedures. Furthermore, while focused on a particular objective, policies may produ-

ce unanticipated consequences which themselves have repercussions for the initial goals set out by labour market actors.

A further shortcoming in the empirical studies is that they tend to fit the country (countries) into theoretical constructions that are heavily event-oriented (cf. *Teune* 1990: 56). Instead, what needs to be specified are the (i) organisational conditions, (ii) the character and resources of the concert of actors as well as (iii) the recognition of dilemmas arising in situations in which manifest conflicts of interest prevail. In other words, we need to shed light on the interaction, the taxonomy of commitment and the standard operating practices which enforce, determine or alter the relations between collective actors in various segments of the labour market.

The work of *Bienefeld* (1972) addressed this research agenda in a promising way. He analyzed the specific conditions, constraints and opportunity structures that surface when engineering a policy of working time reduction. Prompting his undertaking was the acknowledgement of this interaction process. However, his research as executed had clear shortcomings: his historical study was confined to economic variables; *Bienefeld* considered only one country, Britain; and the period under investigation extended from post World War II until the mid-sixties. Like the aforementioned studies, *Bienefeld* underestimated the field of action which precedes an investigation of presupposed favourable effects of work sharing through working time reduction: the rationality problems, the formal rules and compliance procedures which govern the precarious process of consensus formation within and between the relevant labour market actors.

The present study directs scholarship in the field of work sharing to the following research agenda: strategic action is constrained by the duration and multi-dimensionality of structural labour market problems unravelling under the impact of worsening economic performance during the 1970s. The texture of possible responses to the crisis is defined by the decision over yardsticks to be applied: economically risk prone, socially desirable and politically disputed. Thus, the adoption of policies can be interpreted as the outcome of a number of factors: (i) rationality bounded by the combination of established decision rules and (ii) administrative capacities to meet the constraints in the labour market in a serial fashion. Furthermore, (iii) the availability of information⁴ and (iv) institutional resources at the disposal of the state, employers' associations and labour organisations to guide the implementation shape the process of policy adoption (cf. *Simon* 1983).

4) However, the availability of information does not qualify the information itself. As *Nisbett et al.* (1982: 101) have convincingly shown, information must not necessarily be informative.

CHAPTER II

The Dynamics of the Policy Process in the Labour Market

1. The Policy Process as a Mosaic of Adoption, Implementation and Evaluation

Our enterprise follows the lines of a case-oriented approach. In that respect, the explanatory mechanism treats the three cases as distinct entities (cf. *Ragin* 1989: 66). Aiming to identify intrinsic features of cases has a twofold objective: contributing to an understanding of concrete problems faced (in the present case those of the labour market) and solutions implemented in each country, and elaborating theoretical insights yielded by the comparison. In this regard we are making connections between observations within a country/countries and linking these to an explanatory framework (cf. *Teune* 1990: 48). Generating such a dialogue between theory (ideas) and a number of cases (evidence) entails a comprehensive examination of historically shaped phenomena and relating specific outcomes to characteristics common to the cases (cf. *Tilly* 1984: 82).

In doing so, the case-oriented analysis is not interested in Belgium, France and Britain for their own sakes. Rather, this cross-country research on working time policies is motivated by a desire to elucidate why governments and/or industrial relations organisations adopted certain positions, the shape of the respective policy processes and what consequences derived therefrom? Thus, the countries were selected and will be compared in order to identify conditions under which labour market policies operate, and the factors influencing the policy adopted. Relevant variations between the three national settings are presented in figure I.

Figure 1: Belgium, France and Britain in relation to the master variables

	Belgium	France	Britain
Polity	<ul style="list-style-type: none"> - Tradition of developed welfare state - Christian Democrat-Liberal coalition government during 1980s - Unprecedented level of statutory intervention in collective bargaining during 1980s - Compromise arrangements impaired by regionalisation and linguistic division 	<ul style="list-style-type: none"> - Limited degree of welfare state provisions - Socialist Government for most part of 1980s - Tradition of state intervention mixed with corporatism in 1970/80 - Dominance of non-solidaristic ideology 	<ul style="list-style-type: none"> - Backlash on welfare state provisions during 1980s - Conservative Government throughout the 1980s - Major rupture of social and economic post-war consensus - Unprecedented degree of industrial relations legislation during 1980s
Socio-economic	<ul style="list-style-type: none"> - Mass unemployment in 1970/80 - Moderately strong inflationary pressure - High external dependence of national economy - Moderately strong political reactions to unemployment in 1980s - Early retirement schemes followed by working time reduction in 1970/80 - Gradual expansion of part-time jobs in 1980s - Statutory incomes policies in 1980s 	<ul style="list-style-type: none"> - Mass-unemployment in 1970/80 - Moderately strong inflationary pressure - High external dependence of national economy - Strong political reactions to mass-unemployment in 1981-83 - Early retirement and working time reduction parallel in 1981-83 - Gradual expansion of part-time jobs in 1980s - Statutory incomes policies in 1980s 	<ul style="list-style-type: none"> - Mass-unemployment in 1970/80 - Strong inflationary pressure - Moderately high external dependence of national economy - Weak political reaction to mass-unemployment in 1980s - Early retirement provisions and working time reduction are incomensurable in 1980s - Strong expansion of part-time jobs in 1970/80 - Unrestricted wage bargaining in 1980s
Labour Market institutions	<ul style="list-style-type: none"> - Rapid expansion of public sector jobs in 1970s - Voluntary wage restraint low - Mass-unemployment softened by welfare state provisions - Corporatist mode of class conflict regulation along regional cleavages - High levels of union density 	<ul style="list-style-type: none"> - Medium expansion of public sector jobs in 1980s - Voluntary wage restraint absent - Mass-unemployment moderately compensated by welfare state provisions - Confrontational and interventionist modes of class conflict regulation - Low levels of union density 	<ul style="list-style-type: none"> - Low expansion of public sector jobs in 1980s - Voluntary wage restraint during Social Contract - Low welfare spending on mass-unemployment - Unstructured confrontation and decentralised modes of class conflict regulation - Medium levels of union density
Industrial relations systems	<ul style="list-style-type: none"> - Active role of government in industrial relations in 1980s - Consociational institutions of compromise formation - Union fragmentation along regional-linguistic cleavages - Multi-employer bargaining 	<ul style="list-style-type: none"> - Active role of government in industrial relations in 1980s - History of plural and fragmented unionism - Ideological cast of trade unions - Tendency of strikes to be politicized - Multi-employer bargaining 	<ul style="list-style-type: none"> - Active role of government in industrial relations in 1980s - Sustained dualism between shopfloor unionism and centralised levels of aggregation - Multi-employer bargaining

The configuration of the *policy process* in the labour market over time forms the dependent variable. In this dynamic perspective the policy process is conceptualized as a selection mechanism based on the order of ideas and the order of events (cf. *Majone* 1991: 302). The former incorporates the process of conceptual innovation, debate and persuasion whereas the latter rests on resource aggregation, interest mediation and policy implementation. Our view of the policy process is thus two-fold: it translates strategies, legislation and sanctions¹ into social practices. Besides, the standard operating procedures and distribution of resources in the policy process determine the capability of actors to secure outcomes.

On that account, I conceptualize the dynamics of policy making as being shaped by the institutional design, in this case of the labour market. We therefore ask how and to what degree the policy process in the labour market is influenced and mediated by structures and choices on the part of collective actors. In that respect it has to be stressed that structural factors amplify or, conversely, mitigate labour market problems. They present constraints and opportunities to the labour market actors but they do not determine a particular solution. In the famous dictum of *Giddens* (1979: 69), "structure is both enabling and constraining...structure thus is not...a barrier to action, but is essentially involved in its production."

Such a view of the policy process captures a threefold dynamic: (i) the mosaic of *adoption* (agenda-setting and decision making), (ii) *implementation* (action phase) and (iii) *evaluation* (performance and appraisal) of a policy. Embedded within this multi-dimensionality of politics is the theatre of volatile conflicts and consensus formation (cf. *Windhoff-Héritier* 1987; *Scharpf* 1973). The third component in this dynamic draws theoretical attention to the ways in which organisations confront outcomes, and thus refine their initial strategies. This focus deliberates on the way organisations, after having adopted and implemented a particular policy, establish sensitivity to, or instead ignore, its respective performance (cf. *March and Olsen* 1988: 333). For this reason, our enterprise directs the searchlight of organisational analysis in industrial relations on the possibility of policy adaptation of labour market actors in response to (i) environmental change, (ii) the limits of national economic strategies (iii) and the reallocation of their resources.

Under considerations such as these, I understand the cornerstones of the policy process as continuity and change, yet asserting that incrementalism may be a pervasive feature of both. In this context, organisational learning as a result of policy evaluation requires interpretation of events whose causality is nevertheless difficult to unravel. The obstacles that stand in the way of learning

1) Such sanctions can be of a utilitarian, moral or negotiated nature.

from experience have been elaborated by *Elster* (1986) on grounds of a rational choice model, while *Levitt and March* (1988: 319) draw more on behavioral studies of organisations.

Rational choice models position organisational learning as the result of cost—benefit calculations deriving from the interaction of rationally self—interested agents. It is thus in the interest of individuals and/ or collective actors to adapt to interpretations formed in the event of classifying outcomes and therefore establish new institutional arrangements. However, collective organisations do not automatically nor immediately modify their strategies in the light of new opportunities and evident constraints. Next to adjustment costs and internal consensus problems, "it may be rational to postpone adjustment until one knows for certain that the change is a durable one (cf. *Elster* 1986: 24).

This *modus operandi* is most prominent in cases where the renegotiation of policy imposes costs and fuels dissent along three interacting dimensions: (i) decision—making, (ii) enforcing new procedures, (iii) and the adaptation needed for the collective actors to turn a blueprint into a new strategy. The first dimension is generally concerned with the distribution and formation of interests, while the second draws attention to the available resources and the respective power positions within a given institutional framework. Finally, compliance with revised rules of the game entail a learning process that is iterate, open—ended and shaped by a high degree of contextual ambiguity. The third dimension relates to how organisations adapt their behaviour in terms of policy performance and perceptions build around the outcomes (cf. *Levitt and March* 1988).

The perceptions which the relevant labour market actors develop towards the policies are thus treated as an endogenous variable in our analysis. This means that perceptions and interpretations form core elements of collective action in the labour market. Such actions, and the perceptions they yield, are situationally determined, and filtered by an institutional network. Thus, any argument addressing the learning capacities of organisations does not entail that learning from experience includes a built—in guarantee that future decisions will be less particularistic. What is to be learned is a matter shaped in the course of learning itself and subject to possible drawbacks through the parallel adapting behaviour of other organisations. In short, organisational learning is defined as a process rather than as an outcome (cf. *Hedberg* 1981: 7).

For reasons of feasibility and given the nature of the comparative method employed, we are restricting our case—oriented analysis to specific types of causal factors. Rejecting as unachievable an examination of all possible germane causes, we undertake to explain the policy process with a set of related contextual variables. We identify four independent variables that are seen to be fundamental in determining the policy process in the labour market over time. The first variable concerns *actor constellations* in the industrial relations systems. This variable configures the inter—

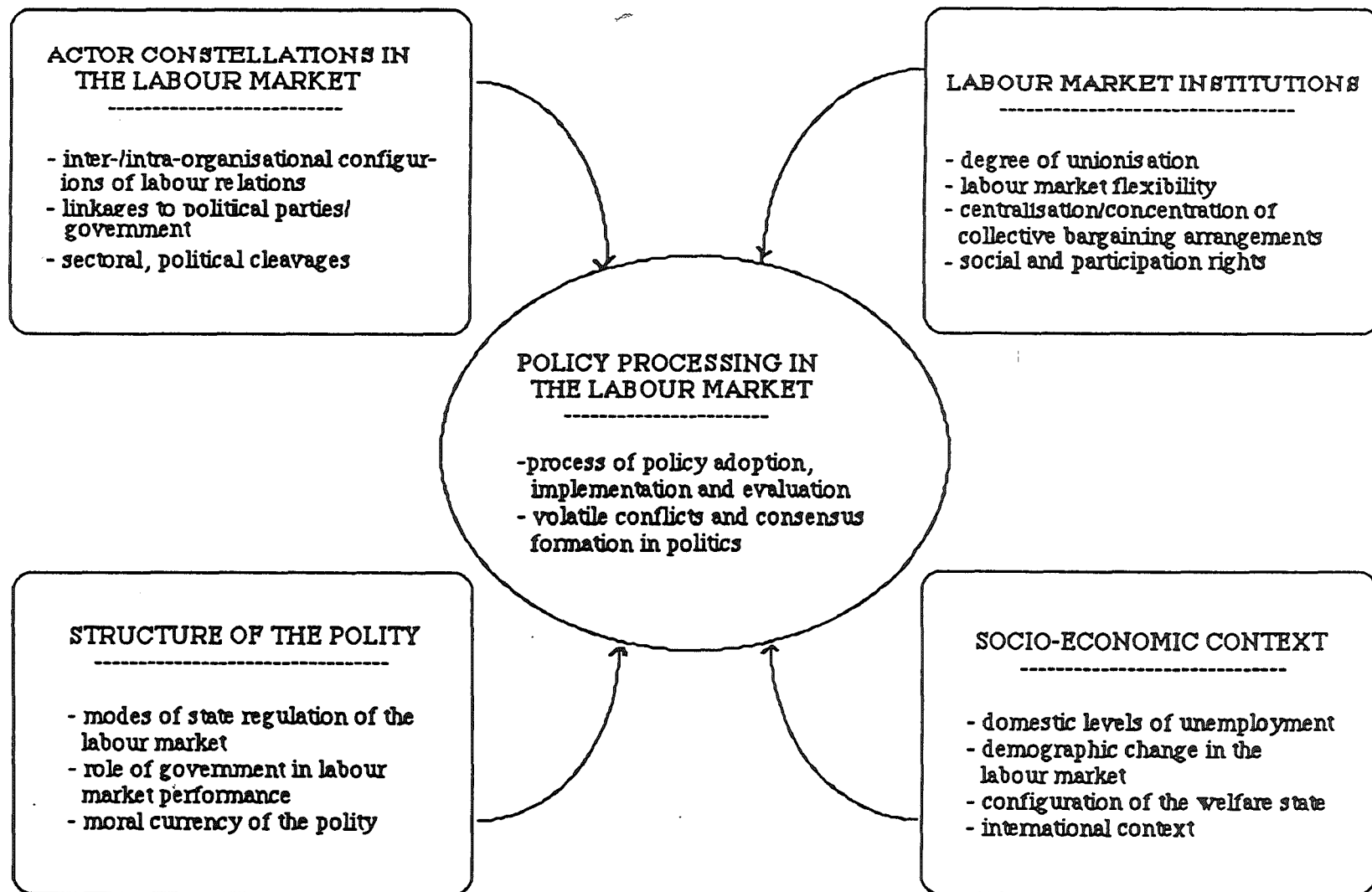
and intra-organisational arrangement of labour relations as well as their links to political parties and/or the government. A second cluster of factors focuses on the *institutional design* of national labour markets. Indicators of labour market institutions include the degree of unionization, labour market flexibility, centralisation and concentration of collective bargaining arrangements, social and participation rights in industrial governance.

Existing *structures of the polity* constitute the third independent variable and encompass, inter alia, state regulation of industrial relations, either in statutory, interventionist or voluntaristic terms. The role of government in labour market performance and the existence of and recourse to social norms in organized political units also fall within this third contextual variable. Finally, *socio-economic conditions* are exemplified by the levels of unemployment, demographic changes in the labour market, the configuration of the welfare state influencing employment outcomes and to what extent countries are controllers of change or managers of exchange given the exposure of their national economies to the international context. These clusters of factors are considered in the form of an interactive model. Therefore none of the variables is in itself the most important, but is so only through its interactive effects. Our explanatory framework can be seen in figure II, page 31.

Following one of the foremost learning trajectories in the social sciences, these independent variables can be conceived as a dichotomy of *structure* and *agency* (cf. Giddens 1979: 49–95). Structure is defined as providing social rules and (asymmetrical) resources that contribute to behavioral interdependence between individuals and/or collective actors. The role of structure is thus not conceived as essentially negative in the sense that it is understood as a constraint on agency. Rather, structures shape interaction in the labour market in two ways: they enable and constrain collective action. Instead of simply reflecting social forces structures are understood to modify behaviour and order resources at the disposal of industrial relations actors.

My conceptualisation of agency emphasises factors that make industrial relations organisations unlikely to act on their own interests alone, for instance because social norms are invoked in organisational behavior (cf. Elster 1989a). Collective actors may prefer certain institutions not only because of the welfare gains they are expected to provide but also because such institutions embody social norms of solidarity, collective identity and distributional fairness. Understanding institutions as organisational and administrative structures plumbs *March and Olsen's* (1984: 738) dictum "of a more autonomous role for political institutions...institutions can be treated as decision makers." Thus, while agent preferences and optimising behaviour remain central elements explaining social outcomes, the *new institutionalism* seeks to enlarge the explication by directing the searchlight at institutional features like transaction costs, enforcement mechanisms and commitment capacities.

RESEARCH DESIGN: NATURE OF RELATIONSHIPS BETWEEN THE VARIABLES



Adding to such an understanding of interests in institutional theory are "circumstances that cause actors who do recognize and try to act on their interests to be unable to do so effectively" (cf. *DiMaggio* 1988: 5). The sources of these limitations are manifold and may derive from one alone or a combination of the following factors: (i) coordination problems between and within collective organisations, (ii) the lack of resources such as mobilisation capacity and legal rights, (iii) constraints set by environmental instability and (iv) what *Cohen and March* (1974) have called "organized anarchies" in which ambiguous goals, unclear technologies as well as unstable participation render uncertain organisations' activities. In light of these limitations the appraisal and definition of labour market problems faces a high threshold. Making unemployment an objective of policy initiatives undertaken by the relevant labour market actors thus reflects political decisions about socio-economic priorities.

Consensus about the type of unemployment that employers (associations), trade unions and the state are prepared to deal with neither emerges instantly, nor is automatically achieved on grounds of a tri-partite understanding. There are a number of stages involved. The issue-building process depends in part but not exclusively on the visibility of the problem. Given this, policy problems need to do more than send out regular signals like monthly labour market statistics. In order to get special attention the respective problem space also has to pass "some threshold of tolerance" (cf. *Majone* 1991: 303).

However, this does not necessarily lead to a collective consensus to deal with the problem. Even if this *sorpasso* in tolerance has taken place unemployment, just as much as inflation, is then often attributed to institutional calamities and organisational irresponsibilities. This retort has two outcomes: the albeit premature and debated acknowledgement that unemployment is man-made, thus subject to intervention. Additionally, such disputes contribute to the assignment of individual responsibilities to secure a recovery. For all of this, the means subsequently called upon to confront the labour market crisis can elucidate opposing and possibly incommensurable interests among the labour market actors.

To what degree an employment crisis can be confronted depends, inter alia, upon the institutional repertoire that a given industrial relations system has at its disposal. Since the development and configuration of contemporary labour markets are decisively influenced by the actions of state agencies and collective bargaining organisations, the objective of overcoming sustained employment problems will depend less — or at least not exclusively — upon the 'invisible hand' of market forces. Contrary to standard neo-classical economists, I do not treat the labour market as a closed system in which its market character and the rational action of industrial relations arrangements guarantee that equilibrium will prevail in an autonomous clearing process.

Rather, two institutions, a political and a social one, significantly determine labour market performance. As a political institution the state has become directly inserted into labour markets. However, controversies persist over to what extent active labour market policies shape employment outcomes or impair economic performance (cf. *Therborn* 1986, *Scharpf* 1987). The social institution relates to how advanced welfare states have decisively influenced countries' capacities to either maintain full-employment or have contributed to confronting the unfolding labour market crisis. The former is most true for Scandinavian countries which have utilised active labour market policies for public employment in health, education and welfare. The second scenario includes countries like France and Belgium which oversaw a mass-exit from working life into early retirement (cf. *Esping-Andersen* 1990).

Given all of this, central questions remain: (i) under what circumstances will work sharing strategies be adopted? (ii) what constraints of compromise formation and implementation have to be recognized? A useful approach to these questions is to incorporate institutional features into rational choice approaches. Taking the latter body of theory as a privileged but not exclusive analytical tool helps to link structure and agency in producing social outcomes (cf. *Shepsle* 1989: 137). Thinking of institutions as part of that which embeds organisations and individuals in social situations can contribute to an understanding of work sharing as a redistributive strategy. It is to this issue that we shall turn in the next section.

2. How Leaky is the Bucket of Work Sharing?

Critical to the understanding of redistributive labour market schemes are rank-and-file solidarity and commitment of the membership to the collective bargaining organisations' policy priorities. How both types of resources are activated when most required, for instance in cases of industrial conflict over work sharing, may differ considerably between countries given (i) the particular bargaining and mobilization routines, (ii) ideological formations (iii) as well as the perceptions of the relevant other as a strategic contingency. All three factors converge in the question, how leaky the bucket of work sharing is? I shall seek to answer this question by drawing attention to the challenges and constraints of redistributive strategies, first with regard to the trade unions, then examining employers associations, and finally the state.

Trade Unions vis-à-vis Work Sharing

Across most OECD countries the post-war introduction of the 40-hour week represents the classical pattern of a 'normal' shorter hours round. The prevailing economic conditions provided abundant distributional resources, not only to implement the hours norm but for considerable real income increases. Given a (near) full-employment situation, which was of pivotal importance for unions' bargaining position, the labour confederations could convincingly point to the productivity gains deriving from revised hours provisions (cf. *Hinrichs* 1988). In what follows, the discussion will focus on strategic implications of the unions' advocacy of work sharing.

Historically, the claim for a shorter working week predominantly focused on adapting working hours to the differentiated societal patterns of allocating and distributing the resource of time as well as accommodating leisure time preferences voiced by the workforce. Within this context working time demands surfaced on the agenda of labour market policies as a means of accompanying modernisation strategies, unsealing rigid time regimes and providing individual welfare gains, for instance the call for a 'free Saturday'. Where agreement on shorter hours was realized any resulting labour market performance was regarded by the unions as a more or less welcome by-product (cf. *Wiesenthal* 1987).

Under the impact of deteriorating economic performance during the seventies, the idea of shorter hours became linked to the objective of work sharing. This strategy rapidly became the main union response to the slump, noticeably influencing the arena of social and labour market policy during the past decade.² With insufficient jobs for all who sought them, the objective of work sharing implied spreading the volume of work over a larger number of the workforce through working time reduction. The same conceptual approach was pursued forty years earlier by L. Blum in France. As shall be shown in Chapter IV, the legacy of the working time policies introduced by the *Common Front* in 1936 profoundly shaped the Socialists' work sharing strategies in 1982.

In theory and at union rallies such an approach has its obvious attractions. The adequacy of working time policies appealed to a trade union sense of solidarity; the belief that in times of adversity those with jobs should support those without. In addition to such arguments invoking individual and collective commitment, the persuasiveness of the work sharing slogan was enhanced

2) Calling for the introduction of the 35-hour week, the ETUC espoused working time reduction at its Congress in 1976.

by arithmetic. Econometric modelling forecast that a phased move towards the 35-hour week accompanied by full wage compensation would considerably curtail unemployment (cf. Åberg 1987).

However, the results of such econometric simulations are extremely heterogeneous — even differing with regard to the direction (positive or negative) of employment changes (cf. Hart 1984; van Ginneken 1984). Here I refrain from challenging the various macro-economic modelling studies, and instead give emphasis to the following issue: such simulations can contribute to a better understanding of the multitude of economic relationships, but they do not "provide a basis for assessing the potential of hours reductions, (and) as a guide to policy decisions (they) offer a hope which is misleading (cf. White 1987: 21–22). For our purposes it is sufficient to note that a policy of working time reduction does *not* offer a guarantee of solving the unemployment problem. This is a radical contention and the subsequent line of argumentation shall try to provide some evidence for it.

The fact that real-world preference structures are heterogeneous serves as a point of departure. It is by no means certain that union members and non-unionized employees will agree on the precise nature of working time reductions. Especially for workers in relatively safe employment positions, other collective bargaining objectives (for instance training and workplace authority) can assume precedence over a reduction of their weekly working hours. Furthermore, even if employees support the claim for shorter hours this general preparedness may not automatically converge towards a single form of reduced working hours. As the rule of thumb suggests, the perceived advantages of enlarged leisure time in the form of weeks per year or days per week will most likely outpace the third possibility: hours per day (cf. Engfer *et al.* 1984: 167).

When we add gross-earnings levels to the equation, a second dilemma surfaces. This is generated by the wedge issue of advancing a cost neutral working time reduction, thus accepting partial wage compensation for shorter hours. If the across-the-board percentage reduction in gross earnings (corresponding with an average working time reduction) disregards differentials in pay levels then various low income groups will undoubtedly fall below the social minimum. Inversely, if highest gross earnings pay a greater share of the price tag attached to shorter hours, those with low/lowest incomes are protected.

However, while maintaining the overall wage bill at a given level, the relative wage cost of semi- and unskilled jobs will increase significantly. Instead of being priced out of the labour market by the inefficiencies of undifferentiated across-the-board percentage reductions in gross earnings, a larger reduction in the highest gross earnings reinforces the pressure for the elimination of jobs through technological restructuring and manpower flexibility. As Van Parijs (1991: 5) has

argued "a dramatic and financially neutral reduction in working time is necessarily detrimental to the least qualified jobs — either because it kills the supply (they pay less than replacement incomes) or because it kills the demand (they cost firms a lot more per hour than they used to)." This line of reasoning underscores the point that there may very well be conditions under which individual sacrifices and costs are considered unacceptable, even if both are associated with progress towards resolving sustained labour market problems. Where to draw the starting line is precisely a matter of continuous disagreement and points to the consensus problems that collective actors have to overcome within and between each other.

But constraints caused by inefficiencies and the heterogeneity of preferences are not the whole story of redistributive policies. The social differentiation of costs and benefits is biased in work sharing. Those foreseen to be predominantly favoured by work sharing are the unemployed, who, nevertheless, do not have to bear any costs in supporting the strategy. In stark contrast to this pay-off matrix, those actually called upon to stand up as 'brothers and sisters in arms' are left with a considerable degree of uncertainty regarding the performance of the policy.

Such uncertainty derives from not knowing *ex ante* to what degree voluntary wage moderation or partial wage compensation will actually activate investment and deter free-riding. Even if the former were to be achieved, the positive scenario would still not guarantee that additional investments are channelled into subsequent job creation. Instead, employers can make use of their discretionary power in various fields of investment policy. A combination of alternatives is at the disposal of management: ranging from (i) investment in the technological supply of firms, (ii) expanding their capital stock and (iii) restructuring the organisation of work. In that respect, the wage risks involved in bargaining over shorter hours and the inability to arrive at an assessment of the desired job creation objective places union negotiators in a situation of multiple uncertainty.

A central problem of income sacrifices consists in the resulting collective goods problem. There are two elements to this: divisions between the insiders and outsiders as well as divisions among the insiders. If work sharing in combination with income moderation is focused on inclusive objectives, thus not defined as a defensive strategy to predominantly safeguard existing jobs, then the currently employed surrender parts of their attainable income increases to those outside employment. However, this sacrifice has to confront a fundamental assurance problem: in what form can the would-be cooperators be assured that they are not liable to be exploited by free-riders? While it remains unclear if and when the jobless and future labour market entrants will actually benefit from the sacrifice, those in employment nevertheless have to pick up the price tag attached to work sharing immediately (cf. *Offe* 1985: 89). Furthermore, they cannot later claim refunds if the objective of creating new jobs was not attained.

Likewise, when investing in a redistributive strategy, workers cannot know beforehand if they will later be among those negatively or positively affected. In addition, it not only remains unclear how many of the beneficiaries pay and who will opt to shirk, but all those who actually do contribute may not be blessed for their sacrifice. This paradox arises for two reasons. First, it may be that many of those receiving rewards for their commitment do not consider the attained welfare as an advantageous outcome. Second, the rewards may fall to the non-payers, i.e. the positive effects are external, reaching the unemployed and future cohorts of labour market entrants. In the absence of third-party enforcement, for instance through the state, the union rank-and-file may therefore be reluctant to invest in cooperative efforts, for they cannot be assured that their investment will yield a positive return.

Let us explore the range of dilemmas involved in work sharing a step further. A game theoretic approach to work sharing strategies can teach us that it is probable that individuals acting as rational agents will prefer the greatest amount of a particular good at the least (private) cost. Following from this premise, and as the historical evidence mentioned above suggests, in phases of economic prosperity the compromise costs for shorter hours are comparatively lower or can be more easily borne than in times of sustained labour market crisis and downward pressure on wages. Thus, the collective bargaining organisations face the difficult task of aggregating individual preferences into a collective design.

Unions' adeptness at tailoring solidaristic incomes policies to redistributive ends demands either non-utilitarian forms of collective action or an investive calculus on the part of the payers. While the former is in short supply when inflation is rising and unemployment expanding, the latter depends upon intertemporal considerations on the part of those in employment. The strategy of work sharing thus crucially rests on the unions' capacity to espouse and implement policies that build solidarity among and across occupational groups while simultaneously avoiding the exclusion of the 'outsiders'. In practical terms this challenge implies ensuring either the avoidance of internal discontent or the management of conflict "between those who pay and those who receive" (cf. *Esping-Andersen* 1985: 33). In addition, union strategies will have to focus on the elimination of incentives and reasons to seek particularistic solutions, for instance taking a 'free-ride' or seeking a 'free lunch'. Both requirements combine in the difficult to achieve and maintain objective of establishing social solidarity and organisational commitment within collective organisations during an economic crisis.

Besides, adherence to solidaristic wage policies faces the challenge of how fairness motives and distributional norms can be incorporated into one's range of self-interests. Expecting the 'insiders' to display an uncommon degree of commitment towards the 'outsiders' brings into focus what values

workers attach to the goal of work sharing, and what the potential costs of achieving this objective will be. As *Elster* (1989a) has shown, the relation between norms and self-interest is twofold. For one, adhering to social norms in wage bargaining implies that people are prepared — even if not convinced — to act against their self-interests. On the other hand, however, adherence to norms must not be incommensurable to serve one's self-interests.

The texture of an investive calculus may regard voluntary wage moderation as an indirect strategy. "What seems like non-self interested subscription to a norm may turn out to be self-interest in disguise" (cf. *ibid.*: 237). Even if the 'insiders' do not embrace redistributive norms, they may have good reason to act as if they had. In view of this, temporarily sacrificing parts of attainable wage increases can be a strategy aiming at a future improvement of the labour market situation. When such an improvement occurs the bargaining position of labour in general and of union leaders in particular vis-à-vis employers' associations can be reinforced in the long-term.

But any choice for a certain set of measures cannot be taken in isolation from the respective counterpart(s), be they other unions in a fragmented and competitive industrial relations system, the texture of the employers' demands or the policy priorities of the state. In other words, each labour market actor will also have to take into account the other side(s) sitting at the bargaining table as a strategic contingency. In capital-labour bargaining both sides anticipate the strategic character of the others' behaviour. "Each class must take into account not only the other's actions but also its reactions, not only the other's current strategy but also the likely response to its own choice of strategy" (cf. *Przeworski and Wallerstein* 1982: 225). Anticipating strategic behaviour from other labour market actors not only affects the problem definition, but concomitantly influences the extent to which particular policies figure among the organisation's priorities, how organisational memory is consulted, what strategy is adopted and to what extent coalitions between bargaining parties can be formed.

Employers vis-à-vis Working Time Policies

The material interests which employers attach to labour market policies are characterized by the difficulty of defining precisely *collective* strategies of employers. Given the variety of divergence (i) between large and small firms, (ii) firms concentrated on the domestic market and those focused on exporting goods, (iii) inter-firm competition on the demand side of labour and capital markets (iv) and on the supply side of goods markets, it is a central objective and core dilemma of capital

associations to marshal a non-contradictory reconciliation of internal heterogeneity (cf. *Offe and Wiesensthal* 1985: 189).

Since employers have the alternatives of informal cooperation or of acting as individual strategic agents assuming their entrepreneurial prerogatives, the prospects for collective action depend upon compulsion, the acknowledgement of common goals and the provision of means to satisfy these. Such goals cover (i) distributional norms in capital-labour bargaining, (ii) the leeway attainable for differentials in the organisation of the labour process (iii) and the question of how employers should confront their strategic counterpart, the union(s).

Placing this line of argumentation in the context of working time policies leads, *inter alia*, to the following question: on what grounds will employers accept or reject shorter hours sought by the trade unions? With regard to distributional rules invoked in collective bargaining a fundamental asymmetry between capital and labour serves as a point of departure. At the firm level employers can pass on losses to workers, in the hardest case by effecting redundancies. By contrast, labour cannot insist that employers are obliged to share gains. As *Przeworski and Wallerstein* (1982: 217) have observed,

"capitalists may themselves retain the entire additional output or they may share the gain exclusively with any of a number of potential political allies. Their market relation with workers ends as the cycle of production is completed and wages are paid, and there is nothing in the structure of the capitalist economic system that would guarantee that workers would benefit because a part of the product (the profit) is currently withheld from them."

Above the firm, the branch and industry levels focus on establishing a common reading of costs and benefits, profits and losses that can be placed on the bargaining table as negotiable issues. The underlying logic of this procedure is to establish a reference level between future wages and current profits. Relevant decisions taken concern the part of the gains not transformed into wages, thus forsaken by labour and appropriated by employers. In view of this procedure, a considerable degree of time is spent in capital-labour bargaining on the framework and specific content of collective bargaining.

This process of successive approximation in bargaining over the wage aspect in shorter working time arrangements becomes both more necessary and more feasible the larger and more strongly centralised are the national organisations representing business and labour. As various authors have emphasised, the structure of labour market institutions such as the degree of bargaining centralisation in wage formation influences (un)employment by affecting the levels of real wage growth (cf. *Freeman* 1988: 64). Centralisation is here understood as a simultaneous process between capital

associations and labour organisations which entails "the extent of inter-union and inter-employer cooperation in wage bargaining with the other side. The focus is thus on the extent to which coalitions are formed among unions and employers respectively" (cf. *Calmfors and Driffill* 1988: 17).

On a different tack it is argued by labour economists and political sociologists that employers will consider the adequacy of certain labour market policies with respect to unemployment as an incentive device enforcing discipline in the labour force (cf. *Shapiro and Stiglitz* 1984, *Lindbeck and Snower* 1988). This body of literature on unemployment combines efficiency wage arguments with labour union theories that have a bearing on lay-offs and joblessness. The existence of (mass) unemployment and the threat credibility of firing a worker are both features conducive to risk aversion, therefore curtailing workers' particularism and re-enforcing managerial authority.

Grounded on moral hazard assumptions, this approach perceives wage increases by employers as a device to ensure that workers have more to lose if they are caught shirking, and are subsequently fired. Hence, firms seek to influence their labour turnover rates and the bargaining priorities of their interest organisations by drawing attention to the deterrence effects resulting from a labour market situation that has been transformed from a sellers' into a buyers' market. The effect of this fundamental shift on social relations as well as collective preference formation can be described as follows:

"To induce its workers not to shirk, the firm attempts to pay more than the "going wage"; then, if a worker is caught shirking and is fired, he will pay a penalty. If it pays one firm to raise its wages, however, it will pay all firms to raise their wages. When they all raise their wages, the incentive not to shirk again disappears. But as all firms raise their wages, their demand for labor decreases, and unemployment results. With unemployment, even if all firms pay the same wages, a worker has an incentive not to shirk. For, if he is fired, an individual will not immediately obtain another job. The equilibrium unemployment rate must be sufficiently large that it pays workers to work rather than to take the risk of being caught shirking" (cf. *Shapiro and Stiglitz* 1984: 433).

This lengthy quotation serves well to illustrate that it is a matter of strategic importance for employers and their associations to what extent the performance of labour market policies promotes or curtails a situation favourable to capital. For if the existing supply surplus in the labour market would be reduced, the bargaining position of labour vis-à-vis management would be ameliorated over time. In that respect, shorter hours policies bring to the agenda of capital-labour bargaining the question of to what degree employment is a negotiable issue above the firm level. Thus, in terms of workers' discipline and union bargaining strategies the price tag attached to work sharing strategies may consist in the invalidation of the disciplinary function of the labour force surplus for industrial

relations. Consequently, the managerial resistance to working time reduction is also grounded in the underlying interest of barring the entry of employment levels to the negotiating chambers.

In cases of an evolving conflict over standard working time reductions, employers can therefore either hold fast or aim at buying-off the union demand for shorter hours. The former scenario involves intransigence on the part of the employers and requires that no company breaks the rules of the game by taking a free ride on possible conflict costs. By contrast, the latter sequence of events opts for a more sophisticated regulation of the basic terms of exchange in collective bargaining.

By offering wage concessions whose individual benefits will exceed the benefits resulting from working time reduction, employers can make unions an offer which they cannot resist without encountering serious internal consensus problems. This buying-off logic is governed by the assumption that, while the wage offer is direct and specific, the possible benefits of working time reduction remain unclear as regards the implementation process, the effects on work practices and non-intended outcomes (for instance triggering-off controversies over pay and working time differentials between different sectors and/or different groups of employees). Furthermore, agreement on full-wage compensation for reduced hours commits employers to immediate costs, while simultaneous productivity concessions by the unions still have to be implemented, let alone fulfilled.

Suppose, furthermore, that the employer is much more willing to offer higher wages in order to avert industrial action than to surrender control over such a central component of the labour process as the duration and organisation of working time. He could therefore reach agreement more quickly on wage claims than on a shorter hours demand which in the workers' estimation was equivalent in value and less costly as regards sacrifices. This difference in entrepreneurial response may reflect the employers' belief that concessions in working time pose a threat to managerial prerogatives and prestige, imperil the maintenance of established workplace practices, and eventually cost more than purely financial concessions. The scope of short-term costs (expected increase in labour costs and possible strike costs) is uncertain to predict and may not be limited to the balance between wages and attainable productivity increases. Beyond that, additional costs may arise in connection with labour turnover costs and expected adverse effects on utilisation of facilities, including loss of output or revenue (cf. *White* 1987: 30).

Both the uncompromising and the buy-out approaches may illustrate the distance between the respective positions of employers and unions at the beginning of and during negotiations on shorter hours. In that respect, the process of compromise formation will essentially depend on how much movement towards a — strike free — consensus is still needed. A high degree of already existing interest affinity between the collective actors of capital and labour outside the specific issues on the bargaining agenda would conversely be favourable for reaching an agreement.

However, interest affinity does not *per se* imply consensus. Rather, compromise formation appears as the result of strategic action, the availability of resources as well as the configuration of relations between the industrial relations actors (cf. *Therborn* 1987: 275). In that respect, we can expect working time policies to be adopted if their desirability and usefulness are neither a matter of substantial controversy within employers' associations, nor an issue of prolonged conflict in capital-labour bargaining.

The State vis-à-vis Labour Market Policies

At the level of the state, political parties and the government are confronted with the dire consequences of a sustained employment crisis in terms of the repercussions on fiscal revenues, allocation of budget priorities, individual voting behaviour as well as more general political values like the norms and standards of a society centred around waged labour. However, each of these effects, let alone their combination, do not *per se* determine that unemployment will eventually become a major concern of policy makers.

Making unemployment an object of government initiatives reflects a political decision about its present and future priorities. In that respect, employment objectives compete with other policy goals like price stability, economic growth, and the balance of payments. Consequently, the translation of unemployment into an issue of pivotal importance on the agenda of governments is based on explicit political judgements. As *Rose* (1987: 287) has argued, it is a "political decision whether the principal goal of the government of the day is economic growth, low inflation, getting rid of a balance of payments deficit or reducing unemployment."

As a legislator the state can autonomously execute regulations in the fields of industrial policy, labour law and a supra-market leverage on the labour market accompanied by a number of macro-economic policies. This involves statutory regulation, and in all likelihood will have a direct budgetary impact. In particular, the supra-market leverage may include (i) public works, (ii) public subsidies, (iii) public sector employment, (iv) public investment, (v) retraining, (vi) repatriation allowances paid to migrant workers, etc.

Examining labour market policies in terms of public budgetary structure can be approached in two ways. The first follows the footsteps of *Lipset's* (1960) 'democratic class struggle' and *Dawson and Robinson's* (1963) party competition model. Both conclude that political parties are decisive for

the relative bias in favor of certain labour market policies. This school argues that the very existence of party competition contributes to the use of political rationality in the decision-making process (see for instance *Castles* 1982). The other trajectory is predominantly inspired by *Lindblom's* (1959) bureaucratic-incrementalist model and emphasizes the degree to which budgets are immune to outside political intervention. The degree of effective budget re-allocations is limited by the reproduction of and prior commitments laid down in budgets (cf. *Heclo* 1974).

Governments utilise or refrain from invoking certain labour market policies depending on the compatibility of the measure(s) with their set of socio-economic priorities. Unlike trade unions, the government is not exclusively confronted with the aspirations and expectations of the active work-force and the organisations' members. Rather, in accordance with its criteria of success and failure at the ballot boxes, the government and the opposition parties are simultaneously seeking support from such groups of voters whose situation may not directly be affected by redistributive labour market policies: pensioners, those active in the educational system, workers in the home.

Whereas collective bargaining organisations have to be able to manifest their success or shortcomings in the framework of collective bargaining agreements every one or two years, the election cycle of the parliamentary system allows political parties in office to purchase legitimacy on a different, extended time scale. The mandate voters give to legislative bodies and governments extends over a period within which decisions on issues will be made, the nature and content of which are unknown at the moment of casting a ballot, and in which for this reason voters can play only a limited role. Moreover, governments can allow certain issues to pale into insignificance on account of re-adjusting the political agenda.

The central question deriving from these statements concerns the conditions under which governments become involved in labour market policies in general, and in work sharing strategies in particular. Working time policies can be depicted as part of a multi-staged decision making process made by the political system. This consideration bears on an issue that is central to the analysis of contemporary state action: the specific configuration of a policy is influenced by the conditional support that must be established, reinforced or drawn upon as an existing resource (cf. *Scharpf* 1991b). Placing politics in such a context focuses attention on the decision about the degree of implementation cooperation sought for by the government from unions and employers at the different levels of the industrial relations system.

The theory of 'structural dependence of the state on capital' has radicalized the issue of implementation cooperation to the extent that structural constraints bind all governments, independent of their political allegiance. Daringly, the theory claims that "whether particular governments have interests and goals of their own or they act on behalf of a coalition of groups or a class, the pursuit

of any objectives that require material resources places governments in the situation of structural dependence" (cf. *Przeworski and Wallerstein* 1988: 12).

This situation makes it advisable for governments to encourage capital to perform in terms of investments decided upon by the individual firm (cf. *Offe and Wiesenhal* 1985: 192). Accordingly, governments cannot reduce profits (in order to attain greater consumption for wage earners) and simultaneously increase investment. Concomitantly, the state faces a trade-off between income distribution and investment, or as *Okun* (1975) has emphasised between equality and efficiency amidst an asymmetrical relationship of control.³

Defining government regulatory competence will therefore depend to a large degree on the constitution of "appropriate institutions" in the labour market (cf. *March and Olsen* 1989: 117). In that respect, specifying the scope and content of state intervention is tied to the associative substructure prevailing in the industrial relations system. Instead of being predetermined, state regulation will rather be considered as the result of the interaction between conflictual socio-political processes of agenda-setting, the definition of fields, instruments and objectives of state-induced policies as well as the degree of implementation cooperation attainable, even enforceable, from the collective actors.

But for the very same reasons of seeking cooperation and sanction adaptation capacities, a government cannot disregard the ensuing dilemma that the efficacy of its labour market policies can be impeded by allowing for extended flexibility options, granting new-style compromise arrangements and the use of various implementation exceptions. Finally, international commitments and external dependency may compel governments to favour free trade and a stable currency rather than placing top priority on measures directed to domestic labour market problems. Hence, a precarious and tentative decision making sequence will most likely characterize the implementation of labour market policies marshalled by statutory regulation.

However, it has to be taken into consideration that any form of government-induced working time policy will face a serious set of challenges regarding depth, scope and timing. Any government intervention in the economy influences the allocation of investment and labour. Thus, the capacity to intervene affects the material welfare of privately-organized actors. Yet, as the public choice

3) It is necessary to emphasise that such a classical economic view is only used as an analytical tool for our purposes. Given the complex interrelation between equality and efficiency the trade-off is not a zero-sum game. Furthermore, as many studies have shown, efficiency can advance equality and vice-versa (see for instance *Willman* 1982).

literature and political debates over de-regulation illustrate, the potential for inefficiencies, unacknowledged conditions of action and unintended side-effects resulting from sustained government intervention is widespread. Furthermore, with increasing governmental competence the architects of politics may themselves become a prime target of influence and lobbying by those actors who are affected by regulation.

Given these limitations and constraints, government-induced work sharing schemes may be considered as a second best scenario operating on an incremental basis. In the absence of a tripartite consensus between the state, the employers (association) and the trade unions on certain labour market policies, government regulation might intervene in favour of the unions (since union members are a core voting group of the left parties in office), or in favour of the employers (because regaining industrial competitiveness and encouraging 'business confidence' is an objective shared by both actors).

In a tri-partite constellation the actors concerned implicitly agree on the dual desirability of one or various parameters, both economically and socially. This common understanding implies that the concertation of actors considers issues like the degree of wage dispersion across industries and commitment to wage flexibility as politically desirable and economically effective.

A further issue concerns the variety of social norms (equality, equity, fair division and distribution) invoked in such a collective bargaining context. As *Willman* (1982: 1) has argued, the "moral currency" of industrial relations and the consistent need to appeal to the reality of distributional norms may govern the mechanism of interaction and normative considerations of the actors at the central level. Such consensual arrangements and the institutional settings built around them have repeatedly been identified in Scandinavian countries (cf. *Calmfors and Driffill* 1988), corporatist strongholds like Austria (cf. *Freeman* 1988) as well as so-called "small states in an open economy" (cf. *Katzenstein* 1985).

As a result of this mosaic of constraints the architects of politics can focus their initiatives on influencing the governance capacity and the aggregation problems of the industrial relations actors. This avenue may involve support for a specific strategy advocated by either the trade unions and/or the employers as well as forwarding consensual approaches in areas essentially touching wedge issues, for instance voluntary income moderation and work sharing strategies. Thus, instead of responding to policy constraints deriving from capital-labour bargaining by either throwing money at the problems or reaching for the legislative 'stick behind the door', an alternative route to overcome wedge issues could be through web (connective) actions.

In both cases, shorter hours strategies can be reconciled by governments of various political colourings. Governments may intervene in the consensus formation process of capital-labour

bargaining in different ways. For one, such intervention can include strategies that offer incentives for both bargaining parties, for instance hours legislation which transforms a national agreement into a new standard legal norm. Alternatively, a government can promote compromise formation by influencing market determinants of industrial power relations. For instance, wage subsidies for working time reductions foster such an approach which at least one of the parties concerned cannot refuse on rational grounds.

When the state reconciles trade union working time strategies beyond rhetorical accommodation, it discharges labour confederations from the criticism voiced by employers and parliamentary opposition that they adopt particularistic approaches in collective bargaining. Instead, governmental endorsement can garner support for union work sharing demands by appealing to the notion of "in the (best) interest of all." Besides, governmental partisanship may prove conducive to enhancing workers' trust in the respective strategy and advancing an acceptance within the workforce that, given state support, the possible costs and sacrifices merit the effort.

Furthermore, the intervention can discharge the labour confederation(s) of accountability for voluntary wage moderation, thus reducing the union's need to popularize within its organisational constituencies the issue of partial wage compensation for shorter hours. In that respect, it can be a rational strategy for trade unions to call for state intervention or to seek assistance by transferring upwards the wedge issue of wage compensation.

Such an approach gains particular significance if and when the government is in a position to and has a tradition of intervening in the realm of collective bargaining. Central constituents of such a procedure include (i) government authority in the field of incomes policy, (ii) a regulative competence in the collective bargaining system, (iii) paradigmatic norm-setting in the public services and (iv) the perception of unemployment as a pressing problem which therefore places it within the regulatory authority of the state.

The social-democratic variant of government-induced working time policies promotes the (re-)distributive intentions of work sharing (the French example in 1981-1982). This support can be linked to the politics of decommodification.⁴ Such state action establishes conditions for the reproduction of labour outside the labour market and includes non-market provisions like unemployment insurance, health and housing provisions, (early) retirement schemes, public employment, progressive and corporate income taxation, etc.

4) The politics of decommodification entail a non-market rationality in the provision of services. Welfare state intervention into the capitalist economy is the field where decommodification

The universalistic "social citizenship state" coined by *Esping-Andersen* (1985: 145–90) aims to reduce the dependence of workers on market exchange and supplant particularistic group identities with social solidarity. In that respect, decommodification of labour seeks to moderate competition between the employed and unemployed in the workforce. Furthermore, union support for decommodification can be explained by the aforementioned union dilemmas in bargaining over work sharing. Since non-market provisions decommodify the status of labour and encourage workers to refrain from breaking the ranks of solidarity, unions are allowed to overcome internal conflicts over partial or full wage compensation for shorter hours.

By contrast, the conservative-liberal version may endorse the idea of redistributing work, but leave the outcome to the free play of the interaction between unions, employers and the workforce. In this case, working time reduction will be placed in the context of market-oriented solutions to the employment crisis and be considered as a vehicle for intervening in capital-labour bargaining on income policies, in particular the capacity of industrial relations politicians to arrive at, albeit, involuntary wage moderation (the Belgian example testifies to this). A third possibility consists in neither addressing the problem of unemployment, nor considering working time reduction as an adequate means of labour market policy and leaving the allocation of investment and labour to decentralized decision making processes (the British case will illustrate this potentiality).

Let me summarize my arguments on the diversity of actor constellations through figure III which illustrates the content and locations of strategic decision making over work sharing (page 48). The columns of the matrix represent the three key industrial relations actors who make and anticipate strategic decisions. The rows illustrate three levels at which such decisions are made. The effects of these decisions, however, may become apparent at levels other than those where the decisions were taken. In addition, the content of the cells are not mutually exclusive.

Strategic decisions in the bottom row are those associated with the workplace. They include, inter alia, safeguarding managerial autonomy, individual working time preferences and at the level of the government providing wage subsidies. The nature of decision making options over work sharing in the middle tier may concern for employers barring the entry of employment levels onto the bargaining agenda. By contrast, unions' focus on redistributive labour market policies can aim at reinforcing their legitimacy in industrial governance. Finally, the government can appeal to the moral currency of industrial relations, thus supporting labour's approach.

has received pronounced attention by authors such as Polanyi (1957), Offe (1984) and Esping-Andersen (1985).

Figure III: Work Sharing Strategy Matrix

Decision level	Nature of decision-making options		
	Employers	Unions	Government
Macro-level	<ul style="list-style-type: none"> - Distributional norms in capital-labour bargaining - Treatment of the strategic counterpart: unions - Recognition of stable and predictable bargaining institutions - Differentials in the organisation of the labour process 	<ul style="list-style-type: none"> - Distributive equity - Quality of life - Solidaristic incomes policies - Public policy objectives (e.g. adherence to distributional norms, productivistic approach) - Union organizing resources (e.g. improving bargaining positions, relations with political parties, employers' associations) - Internalize externalities (e.g. inflation) 	<ul style="list-style-type: none"> - Political decision/non-decision about labour market problems - Labour market and/or employment policies - Trade-off between equality and efficiency, income distribution, employment and investment - Means of labour market intervention (e.g. legal regulation, money, information) - Decision of yardsticks (economical, social, political desirability) - Treatment of unintended side-effects - Politics of decommmodification
Industrial Relations System	<ul style="list-style-type: none"> - Reconciliation of internal heterogeneity - Barring entrance of employment levels onto the bargaining agenda - Buying-off logic of working time reduction - Establishing sophisticated exchange models (e.g. voluntary wage moderation, productivity bargaining) - Decentralisation of collective bargaining mechanisms 	<ul style="list-style-type: none"> - Reinforcing legitimate industrial governance - Harmonization of union bargaining positions - Collective bargaining strategies (e.g. job creation vs income gains, productivity deals) - Standardization of labour provisions - Early retirement vs/and working time reduction 	<ul style="list-style-type: none"> - Influencing the governance capacity of industrial relations actors - Moral currency of industrial relations (e.g. appeal to distributional norms) - Degree of implementation cooperation needed - The 'stick behind the door' - Standardization of collective bargaining provisions - Industrial policy, labour law, industrial relations regulation - Supra-market leverage (e.g. public works, retraining)
Workplace	<ul style="list-style-type: none"> - Safeguarding managerial autonomy - Concerns for and changes in economic performance - Maintaining established workplace relations - Introduction/expansion of temporal flexibility - Profit sharing 	<ul style="list-style-type: none"> - Employee participation in flexible work systems - Temporal flexibility and individual working time preferences - Regulation of fringe benefits - Overtime regulation 	<ul style="list-style-type: none"> - (De-)regulation of worker rights from status to contract, vice versa - Provisions on co-determination (e.g. new forms of employee participation) - Supporting new forms of work - Wage subsidies - Union containment/avoidance strategies

Decisions at the macro—level cover choices with a high degree of generality: how should employers confront their strategic counterpart, the unions? The latter have to decide on the feasibility of solidaristic incomes policies, and the government faces trade—off decisions between equality and efficiency, income distribution, employment and investment conditions. The matrix does not claim to be encompassing in terms of the totality of decision making options. It rather illustrates the variety, complexity and interdependence of possible choices involved in governmental, employers' and trade unions' decision making over work sharing. In this it confirms the potential of work sharing to touch on issues at the very core of class and other forms of politics.

3. Generating Hypotheses

So far, we have analysed some general characteristics of trade unions, employers (associations) and the state with regard to work sharing strategies. Let us now summarise the differences between the considerations that influence how the state, business associations and labour confederations approach redistributive labour market policies. This leads us to delineate our key hypothesis, and contained therein a number of sub—hypotheses which chart the likely trajectory of work sharing strategies in the three countries.

The cases are presented to investigate an overarching trend. We know that each of the countries started from a different situation, our purpose is to compare the processes that led to the outcomes. Specifically, the study investigates how different points of departure in Belgium, France and Britain converge towards a similar outcome: the transformation of redistributional policies under the heading of *work sharing* into a strategy of *temporal flexibility*. Convergence does not imply uniformity of results, nor is it used as a synonym for similarity. Instead it is conceived as a dynamic process over time which is comparable because outcomes correspond in substance or essentials (cf. Bennet 1991: 219).

The study can thus be regarded as a comparative exercise in which three country cases are brought together to identify common patterns and relationships in labour market policies. While they all faced similar problems, the industrial relations actors did not tend to solve them in similar ways. While the analysis provides evidence of convergence in labour market policies, the cases under review primarily show that the political processes by which outcomes were reached illustrated considerable differences. Hence, the temporal and comparative framework can display that different processes are at work, that the formulation, implementation and evaluation of labour market policies has to be seen in context.

That multiple paths lead to similar outcomes in Belgium, France and Britain does not imply that there is a singular logic built into redistributive policies under the heading of work sharing. Economic or political determinism is not my line of argument. Nor do I pretend that alternative outcomes would not have been possible under different institutional arrangements in the labour market. Some notes on Germany will provide a counterfactual to proving our argument in the final chapter. The sole ambition is to take the empirical evidence in the forthcoming chapters for the purpose of specifying why different conditions lead to similar outcomes in Belgium, France and Britain.

Concentrating our endeavour on how different settings and processes can produce similar effects follows the methodological path of identifying "multiple conjunctural causation" in case-oriented comparative research (cf. *Ragin* 1987: 49). The comparative study of working time policies is therefore an analytical strategy to explore the dynamic of policy adoption, its implementation patterns and evaluation procedures. Within this framework the case-oriented approach contributes to explaining the outcomes by reference to internal particularities and tries to highlight the complexity of causal factors involved in determining differences and similarities in context.

I thus intend to illustrate how working time policies are embedded in the institutional arrangement of the labour market in three nations. Belgium, France and Britain embarked on a strategy of work sharing. But in the process they had to drop the demand or push it out to the sidelines. In effect, redistributive labour market policies were replaced by measures enhancing temporal flexibility in employment and workplace organisation. The reasons for this policy adaptation are manifold. We shall concentrate our endeavour on a set of causal mechanisms shared by the three countries which explain similarity in outcome.

First, responses to unemployment are shaped by the legacy of previously instituted policies. The legacy of policy is generally treated as an aspect of historical agency, for instance governmental formation of welfare state provisions or the reshaping of industrial relations systems after 1945 in Western Europe. Legacies can work in several ways: (i) they establish institutional procedures for policies, (ii) they provide organisations with internal criteria of evaluation which shape their repertoire of possible responses, (iii) and they influence the corridor of action of collective actors. For our analysis, previously instituted policies form an additional set of peculiarities that the three countries have in common. They will become active in the analysis for instance in the form of wage-price indexation in Belgium, the record of the Blum experiment in France and the history of the *Social Contract* in Britain.

Furthermore, focusing on the legacies of policies implies to take on board considerations about what can be done and who can confront unemployment in a promising manner. Any confrontation of sustained labour market problems will have to acknowledge to what degree the organisational

resources at one's disposal are affected by the configuration of the employment crisis and the transition of domestic labour markets. This conundrum then boils down to the question if the duration of the crisis and its structural properties act to diminish the regulatory capacities and available resources for successful management?

In addition, our conceptual baggage includes the lack or dissipation of resources on the part of the labour market actors. Regarding the institutional design of labour relations, it will be recalled that Belgium, France and Britain have conflict-prone industrial relations systems. However, each exhibits certain particularities. Throughout the 1970s Britain had a voluntary, fragmented and decentralised structure of labour relations. With the change of government in 1979 this structure was, and still is being, challenged by an unprecedented level of statutory regulation. The arrangement of France's industrial relations system has rendered unionism a fragmented, competitive and ideological entity. State intervention, irrespective of its political colouring, repeatedly displaced collective bargaining organisations from the resolution of wedge issues, thereby diminishing the autonomy of industrial relations. Finally, the Belgian case is underpinned by a combination of regional and linguistic cleavages which severely affect the coherence of labour relations at the national level.

The degree to which state intervention determines the field of action and shapes the bargaining agenda constitutes a fourth factor. Redistributive policies endorsed by the state require organisations of capital and labour that function as filters to implement and garner support for such policies. Industrial relations arrangements characterised by (i) longstanding organisational rivalries as in France, (ii) regional cleavages as in Belgium and (iii) decentralised modes of class conflict regulation as in Britain offer a stimulating insight into the study of the plurality of contending interests. Particular attention is therefore awarded to the character and resources of collective bargaining systems.

Finally, the existence or absence of a viable exchange model is a core qualifier. The mosaic of compromise options will greatly hinge on the *bargaining mechanisms* that determine the sequence of policy proposals, compromise formation and policy implementation. These may include the costs of bargaining to each of the parties involved, the use of credible threats to push for a compromise, social norms invoked in negotiations and that agreement is facilitated when one outcome is especially salient. Work sharing demands can therefore be considered as a test of the trade-off potential between equality (socially adequate) and efficiency (economically viable). Where both objectives are bound to conflict, any sought-for compromise faces the question of how much can be added to equality or subtracted from efficiency and vice versa.

Alongside our key hypothesis, similarity in outcome reflected in the shift from work sharing to temporal flexibility, the causal mechanisms will be elaborated in detail in the empirical chapters that follow. We start with Belgium, then look at the French case and in chapter IV the British example is presented.

Chapter III

Belgium: The Demise of Consociational Policy – Making

1. Introduction

Compared to its European neighbours, Belgium was the *first* country to initiate a process of working time reduction: in 1977 collective bargaining agreements in retailing introduced the 39-hour week. A year later, manufacturing industries followed suit with the implementation of the 38-hour week. Such pioneering performance may not be so surprising given that the labour market problems unfolding midway through the seventies were exceptional. Facing the prospects of a prolonged economic crisis, Belgium was the first country to register double-digit unemployment rates (1977/78)¹, and by 1982 the 15 percent threshold had been surpassed. During the second half of the 1970s similar dramatic labour market problems were registered only in the Netherlands. For a comparison of the economic and labour market developments in both countries since 1945 see *Lepszky and Woyke* (1985), *Rijckeghem* (1982).

As a country with early mass-unemployment the magnitude of the labour market problems fostered support for a specific set of responsive strategies at a point in time when neighbouring policy makers still had (some) reason to believe that the *Belgian malaise* was an isolated case. If we classify these labour market policies according to measures focusing on working time regulation, then we can single out the following distinctive types:

1) On the basis of the domestic unemployment statistics (cf. *Annuaire Statistique de la Belgique* 1986: 620). Alternatively, if we take the standardized OECD calculations the 10 percent mark was reached in 1981 (cf. *OECD—Employment Outlook* 1984: 15). Some commentators have argued that Belgian unemployment was artificially high in the 1970s because of the social security treatment of unemployed women (cf. *Therborn* 1986: 80).

- Measures aiming at reducing labour force participation. This approach included numerous *early retirement* schemes embodied in governmental legislation and collective bargaining agreements between 1975 and 1982.
- Starting in 1977/78 the strategy of *work sharing* through shorter hours gradually gained ground. However, a tripartite agreement on working time reduction lacked support within and between the relevant labour market actors.
- The transformation of working time policies from work sharing objectives in favour of temporal flexibility and employment deregulation became the new order of the day with the change of government coalitions in 1982. Under the heading of modernizing industry and restructuring the economy, both the *Operation 5-3-3* and the *Hansenne working time experiments* were committed to these specific policy goals.

The classification indicates that certain labour market policies had a limited life—span. Later, their political desirability faltered, or they were dropped altogether in favour of other policy priorities. It is this change of prerogatives which especially interests us. Taking the tri—partite policy process as defined in the preceding chapters — agenda setting, implementation and evaluation — the political dynamic in each is explored. Policy outcomes will partly be attributed to evaluations of success or failure on the part of labour market actors in the process of their policy reviews. In addition, we will not ignore the fact that the change of government in 1981 provoked a major political rupture within the Belgian institutional system.

Not alone did the explanation for the rising tide of unemployment change following the formation of the Christian Democrat—Liberal coalition but unprecedented political intervention in matters of collective bargaining sought to alter the very arrangement of Belgian industrial relations itself. With these developments, state intervention either deprived completely (1982–84) or partially (1985/86) the collective bargaining organisations of the right to independently settle wages and incomes.

The dramatic unemployment problems taking shape in Belgium from 1975 onwards and the various measures they evoked from the relevant labour market actors form the core of this chapter. In the analysis that follows, I highlight the interplay between structure and process and demonstrate how working time policies were used as a pawn in a game about fundamental distributional issues, not least the power of the collective actors themselves. Structurally we emphasise two factors. First the recognition of a specific *regional* dynamic in Belgian policy making which placed any attempt to confront the evolving crisis on a national scale under taxing constraints. In addition, as *Katzenstein* (1985) has extensively shown, Belgium belongs to the European group of *Small States in World Markets*. The process analysis will demonstrate how the drama of the Belgian policy process in relation to the labour market crisis was shaped by decisions whether to alter certain institutional routines of regulation.

The chapter is organised into two parts. First, I set out the main structural features of the Belgian economy and society so as to provide the context within which the policy dynamic is translated. Unemployment – the precipitating problem – the unique features of Belgian economic and social structures, including the wide-ranging regional divides, the industrial relations system and some relevant sets of recent policies are all described in turn. Having thus explored the background, the second part of the chapter undertakes its central task: the detailed elaboration and analysis of working time policies between 1975 and 1990.

2. Particularities of a *Small State*

Labour Market Evolution

The year 1974 marks a watershed in the development of the Belgian labour market. While total unemployment had remained under the threshold of 100.000 for more than a decade, it was in the Summer of 1974 that the "historical ascent" began (cf. *Béguin* 1985: 22). In the course of the first oil price shock, registered unemployment in Belgium sky-rocketed: it exceeded 100.000 in 1974, had more then doubled by 1976 (228.000), and reached over 10 percent for the first time in 1977/78 (cf. *Office National de l'Emploi* 1977: 16). The dramatic scenario culminated in 1984 with a national unemployment rate of 18.6 percent. In short, within a decade Belgium went from a near full-employment country to a society "in (which) virtually all of its sectors manifested symptoms of immobility and crisis" (cf. *Deweerd and Smits* 1982: 261).²

The rising tide of unemployment coincided with a comparatively low rate of labour force participation. In 1975 Belgian labour force participation reached 61.2 percent. This made it the third lowest rate in Western Europe, undercut only by Italy (55.5 percent) and the Netherlands (54.3

2) In an address to the Chairmen of the Chamber and the Senate in 1981, the Belgian King Baudouin described the crisis by referring to a prevailing state of war which demanded drastic action. Baudouin declared: "It is now high time to put differences aside, of whatever nature they might be, and to give priority to *survival*. This is what we would do if we were at war. Now, this is war, *war for the preservation of our economy*" (cf. *Deweerd and Smits* 1982: 261, my italics).

percent, cf. *OECD—Employment Outlook* 1984: 15). Two additional features of the evolving labour market situation deserve brief mention. For one, as a result of numerous early retirement schemes Belgium registered a steep decline of labour force participation among employees aged between 60 and 64 years. On the other hand, the portion of jobless women as regards total unemployment was always higher than that of male employees. As the evolution of the employment crisis illustrated the massive influx of women into the labour market since the early 1960s turned out to be unsustainable. In fact, with unemployment particularly befalling women the gender segmentation of the Belgian labour market was reinforced (cf. *OECD* 1984: 32, *M.E.T.* 1987: 431).

Until the beginning of the seventies Belgium belonged to the group of Western European countries with near full—employment. However, while full employment was recognized by the relevant labour market actors as a central parameter of macro—economic policy making, the awareness did not lead to the institutionalization of the guideline as an explicit objective of labour market policies. The regular tripartite negotiations established between the government, the trade unions and the employers associations through Belgium's *Social Solidarity Pact* from 1944 repeatedly voiced their opinions of needed changes in the labour market. But the reality of unemployment and the means to confront such a challenge remained distinct non—issues. As *Therborn* (1986: 114) has argued,

"a number of topics (were) dealt with — not only wages but also social and economic policy, broadly taken — but the issue of employment never appeared in the records of these negotiations until 1973. Even then, the words "full employment" do not occur, even as a goal to be pursued."

When the employment problems started to unfold in 1974, the magnitude of the problem demanding feasible reactions, the consequences of a missing institutionalization of full—employment policies quickly became apparent. In the absence of such a commitment the divergence in strategies of the relevant labour market actors was pronounced. The short supply of interest affinity between the collective actors on a variety of policy issues — wage indexation, working time reduction, regional disparities in the crisis — hindered the consensual implementation of strategies directed at confronting the employment evolution.

The rise of unemployment during the second half of the seventies did not affect all economic sectors and groups of employees to the same extent. Rather, the labour market situation displayed selectivity: for instance, the manufacturing industries lost more than 450.000 jobs between 1974 and 1985. This corresponded to a drop of 32 percent! In particular the Walloon steel, coal and iron industries experienced the highest degree of job loss over the 10 year span. By 1980 employment in industry (excluding construction) accounted for 26 percent of total employment in Belgium (cf.

M.E.T. 1987: 426). Exacerbating the unfolding labour market crisis was a net increase of 30.000 job seekers per year between 1973 and 1979. Young people reaching working age and steadily increasing numbers of women seeking employment fed this expansion. With the growth of the Belgian labour force (in absolute terms) from 3.998.700 in 1975 to 4.234.700 in 1985 the structural problems of employment and unemployment quickly became evident: When it was urgent to generate job growth, the Belgian economy, especially in manufacturing industries, was losing tens of thousands of jobs (cf. *Spineux* 1990: 47).

In stark contrast the private and public service sectors registered an increase in employment of 15.2 percent (+270.000) over the period under consideration. Despite this favourable evolution, the massive *de-industrialisation* of the Belgian economy could not be compensated for by a sufficient number of new jobs. Nevertheless, governmental efforts were significant. But so also were the budgetary ill-effects. Public sector job creation represented the first state-induced response to confront the rising tide of unemployment with nearly 160.000 new jobs created between 1975 and 1985, an increase of over 30 percent. As a result, employment in the public sector as a portion of total employment rose from 23 to 32 percent. However, the price tag attached to such a strategy raised expenditures of the public sector from 45.5 percent of GNP in 1975 to 52 percent in 1979. During this period "Belgium experienced the fastest increase of government expenditures of all EEC countries" (cf. *Grauwe* 1983: 110).

Although manifest labour market problems, sustained processes of *de-industrialisation* and public sector job creation schemes became common features of many OECD countries in the aftermath of the first oil price crisis, the central difference between these countries and Belgium did not concern the timing, scope and depth of the crisis in the country. Rather, when the global economic crisis started to have a lasting impact on the domestic labour market, the interaction of structural constraints, institutional arrangements and specific policy decisions quickly contributed to put Belgium out of step with its European neighbours. It is to this mosaic of socio-economic structures and processes that we now turn.

Managing External Dependence in an Open Economy

In order to provide a comprehensive explanation of the *Belgian malaise* the searchlight has to be directed towards particularities in the Belgian socio-economic situation. Otherwise, it would be difficult to explain, why for instance unemployment in Belgium, rather than in France or Britain,

rose so fast and reached double digits at such an early stage despite the latter two countries being simultaneously exposed to the oil price crisis.

What sets Belgium apart from these two countries is the vulnerability of its economy. The Belgian case is underpinned by a matrix of politico-economic properties in which the exposure to developments beyond its control and the management of dependence are major elements. These various features converge in the concept that *Katzenstein* (1983, 1985) has elaborated, and which affirms that unlike France and England, Belgium belongs to a distinct group of OECD countries labelled "small European states in the international economy."³

A central characteristic of this concept is that Small European states lack the capacity to furnish economies of scale to various industries that are vital for domestic production. Hence, dependence on imports can repeatedly lead to large deficits in their balance of foreign trade. The pronounced extent to which the Belgian economy is open to foreign trade substantially constrains adjustment processes in its industrial juxtaposition. The export structure is largely based on semi-manufacturing. At the outset of the global conjunctural crisis, Belgian products in international markets were "80 percent price-takers against 20 percent price-makers" (cf. *Martou* 1987: 197).

The challenge posed by the accumulation of disequilibria and the problem of adjustment to economic change leads small European states to seek reactive and incremental policy instruments. Such an approach aims at bridging "the divergent requirements of international competitiveness and political preference...(establishing) a calibrated balance of economic flexibility and political stability" (cf. *Katzenstein* 1985: 29). In politico-institutional terms, the peculiarities of the Belgian case are mirrored by a practice heralded as *programmation sociale*. The key to such an arrangement is the combination of consociational institutions with piecemeal economic and social policy making (cf. *Dancet* 1986: 109).

3) Empirically, *Katzenstein's* classification of small European states includes seven countries: Belgium, Austria, Denmark, the Netherlands, Norway, Sweden and Switzerland.

The Pillarisation Effect

While Belgium shares many politico-economic features of Small States, it is set apart from these by the process of *pillarisation* ("verzuiling") the mainspring of which is a regional-linguistic cleavage. Belgium has three linguistic groups (French, Dutch and German) and its constitution recognizes two cultural communities (French and Flemish)⁴. Still, the three geographic regions (Wallonia, Flanders and Brussels) neither fully coincide with the cultural communities, nor with the three pillars (Catholics, Socialists and Liberals) which exhibit a close-knit network of social, political, economic and cultural organisations and institutions. In particular, the Christian and Socialist pillars are distinct social systems shaped by denominational differences, diverging regional traditions, party and union links, employment trajectories in the public sector and linguistic features (cf. Post 1989).

Note, however, that in Belgium pillarization was more unbalanced than, for example, in the Netherlands, in that the only fully developed pillar is the two Catholic ones in Flanders and Wallonia. Only these have an independent party, union, employer organisation, sickness funds and mutual benefit societies, cultural associations, youth organisations, school system (from Kindergarten to University) etc. The other pillars, the Socialist and the Liberal never managed to establish organisations on all those levels. In part, this may be attributed to ideological clashes (for instance it is difficult to imagine a 'Socialist' employers' association). In addition, these pillars were never able to monopolize representation of the corresponding segments of the population to the extent that Catholics could, therefore they lacked the organisational equivalents of the parish and parochial schools (cf. Lorwin 1971: 156).

Granted that the Catholic pillar is dominant in Flanders and the Socialist in the Walloon provinces, we have to emphasize that a key reason why Belgium remains a federal political entity (up to now) lies in the *cross-cutting* nature of the aforementioned pillars. There exists a significant Socialist Party in Flanders (SP), and there is still a notable social basis for the Christian Democrats (PSC) in the Walloon provinces, in particular in the more rural districts. Concomitantly, the fact

4) At present (1992), the Dutch-speaking community has approximately 5.8 million inhabitants while Francophone Wallonia counts 3.3 million. In 1962 legal regulation recognized that Belgium is a bilingual country. A decade later the cultural autonomy of the linguistic communities was amended into the constitution.

that in the Flemish part of the country the Christian Peoples Party (CVP) is dominant, and in Wallonia the Socialist Party (PS) does not mean that institutionally the two parts are different. Instead, the two parties are each other's functional equivalent. In Flanders the CVP was most successful in colonizing the state and society; in the francophone provinces it was the PS. In short, CVP and PS could be likened to twin brothers, if and when their programmes and policies are the same!

This point does not ignore the fact that because the two dominant parties in Belgian politics have different histories, ideologies and social roots, their dominance has prompted a differentiation between the two regions: an emphasis on subsidiarity and the maintenance of its autonomy in education and cultural affairs in Flanders; while the Walloon community is traditionally interested in the decentralization of both investment decisions and expenditures.

Internal changes in the Catholic or Socialist pillars of Belgium during the period 1970–1980 need not imply a disintegration of the respective pillar. As *Dobbelaere and Billiet* (1983) have shown, the progressive decline of religious practice in Flanders did not result in the disintegration of the catholic pillar. In contrast to developments in the Netherlands, such transformations reinforced the associative trajectory, i.e. the active participation in the respective schools, hospitals, social assistance, cultural services etc. In other words, the internal dynamic of pillarization may involve a shift of emphasis from religious imperatives to structural features and psychological implications (cf. *Billiet* 1984; *Siegemund* 1989).

Finally, if regional separatism has not yet explicitly been put on the agenda of politics, then this non-inclusion derives from a distinct Belgian feature: the importance which the country's only metropole — Brussels — has assumed during the past 15 years. Apart from being a centre of domestic and European political decision-making as well as the financial centre of Belgium, the bilingual capital has provided a tacit bridging function between Flanders and Wallonia. Given its location within Dutch-speaking territory while being a primarily French-speaking city has contributed to political actors refraining from the regionalization of a vital national bond, i.e. the social security system.

Regional Economic Disparities in Belgium

Exposure to an international economy beyond its control and structural problems in Belgian industry are reflected in diverging regional constraints which have been particularly devastating for the Walloon part of the country. The economic decline and the labour market problems affected Flanders and Wallonia in dissimilar ways, with the latter experiencing a crisis within a crisis. The process of de-industrialisation in the Walloon steel, coal and iron sectors amplified the existing economic cleavages between Wallonia and Flanders up to "the point of no return" (cf. *Collinge and Quévit* 1988: 259). The evolution of unemployment on a regional scale highlights disparities between both parts of the country.

Tab. 1: Development of Unemployment in Flanders and Wallonia¹

Year	Flanders	Wallonia
1960	6.8%	4.8%
1965	2.7%	2.8%
1970	2.8%	5.1%
1975	6.4%	8.3%
1980	12.0%	14.1%
1985	17.7%	23.6%
1987	14.0%	22.0%

1. Rate of unemployment in percent of the labour force.

Source: M.E.T. (1987: 434), *Ministère de la Région Wallonne* (1988).

As Tab. 1 shows, differences in regional unemployment rates widened consistently to the detriment of Wallonia since 1965. For the French-speaking region, the decline in employment during 1973–1982 mainly affected industry and agriculture, while a slight increase was registered in the service sectors. In contrast to this, the Flemish provinces witnessed employment gains in industry, and all the more in services, whilst the regional joblessness rate was mainly fuelled by problems within the agricultural sector (cf. *Collinge and Quévit* 1988: 260).

The key to the structural disequilibrium between the two regions is the concentration of the so-called "industrial furrow" in the Walloon provinces of Liège and Hainaut, whereas Antwerp and Limbourg in Flanders mirror successful restructuring processes in the Dutch-speaking North. Until 1965 the post-war development of the Belgian economy was predominantly focused towards the iron and steel industries as well as coal mining. Given the exclusive location of these industries in the "Walloon furrow", the Flemish provinces featured a diversified productive sector and increasingly established themselves — next to Brussels — as the service region of Belgium.

With the restructuring process of the Belgian economy underway since 1965, the regional emphasis in industrial production, employment evolution and competitiveness considerably shifted. This extended adjustment of the regional economies was best illustrated in the petro-chemical industry established in Brugge and the expansion of Ghent's cotton industry as well as enlargement of the Antwerp harbour to become the second largest transshipment port in Europe (next to Rotterdam)⁵. Furthermore, the region's economic expansion was possible on the basis of a substantial labour force reserve accumulated during the 1960s.

Finally, demographic factors in terms of domestic migration from Wallonia to Flanders and Brussels have to be taken into account. Overall, while Wallonia experiences a sustained socio-economic 'peripheralization', Flanders has become the economic centre in Belgium and Brussels the financial and political capital. As *Frognier et al.* (1982: 255) conclude the "growth effects of the twentieth century have not served as homogenizing influences in a state characterized by regional imbalances. On the contrary, this growth has always occurred at the expense of one of the two halves of the country."

The regional disparities in the fields of economic development, industrial adjustment and the evolution of employment were repeatedly influenced by militant ethnic and linguistic conflicts between Flanders and Wallonia during the period 1978–1986. Since the labour market actors in the two regions did *not* face the same magnitude of socio-economic problems, streamlining measures were regularly overtaken by particularistic recommendations and vested regional interests.

In a situation which increasingly called for speedy policy responses, the non-solution of manifest economic and social problems created political deadlocks in the institutional system of governance (for illuminating examples of such political stalemates see *Deweerd and Smits* 1982: 265–267). Such deadlocks fostered the illusion of ungovernability, which was reinforced by the

5) Currently, 75 percent of Belgian exports and 70 percent of its GDP originate in Flanders (cf. *Klinkenberg* 1992: 13).

fact that between 1978 and 1981 Belgium counted five Cabinets, with three different coalition types and two Prime Ministers. It was precisely the breakdown of social consensus in the face of the crisis which proliferated the *Belgian malaise*. To what degree the regional disparities were also reflected in and constrained by organisational cleavages between the relevant Belgian labour market actors shall be elaborated in the next section.

Organisational Cleavages Between Wallonia and Flanders

Apart from the principal conflict deriving from the politico-religious fragmentation of the Christian ACV/CSC, the Socialist ABVV/FGTB and the Liberal ACLVB/CGSLB, the three labour confederations display inter-organisational cleavages which correspond to the linguistic communities. While the ACV/CSC was established in 1923, the ACLVB/CGSLB was founded in 1930 and the ABVV/FGTB in 1945. Given the pillarisation and bi-lingual nature of Belgian society it is "important to recognise (that) the political-ideological backbone of Belgian unionism (rests) on the three main contemporary ideological and philosophical currents, Christianity, Liberalism and Socialism" (cf. *Hancké and Wijgaerts* 1989: 190).

As the abbreviations indicate, and the same is true for the central employers' association VOB/FEB, the relevant collective actors in the Belgian system of industrial relations each have a separate francophone and a flemish organisation. In other words, employers and unions "have split up along linguistic lines and have adopted an ideological profile which does not necessarily correspond to the profile of the 'sister party' of the other linguistic community" (cf. *De Winter* 1989: 714).

In particular within the two largest Belgian labour confederations, the ACV/CSC and the ABVV/FGTB, the organisational factionalism between the union headquarters in Brussels and independent regional associations is most pronounced. The regional factionalism in the Belgian system of industrial relations is supplemented by widely different patterns of interest organisation. Both the ACV/CSC and ABVV/FGTB are vertically structured on the basis of industrial branches, whereas the ACLVB/CGSLB's organisational structure is locally based. A distinctive feature of the socialist union is the autonomy of its vertical sub-unions, whereas the ACV/CSC is more centralized (cf. *Hancké and Wijgaerts* 1989: 189).

Furthermore, the pillarization effect leads to institutional and personal links between respective unions and political parties. However, here again one has to bear in mind the linguistic-regional connotations: In Wallonia, the FGTB is close to the PS, whereas the ABVV and the Flemish

Socialists (SP) share political views. By contrast, the CVP has a strong union faction, the ACV, while the French-speaking CSC has established links with the much smaller Social Christian Party (PSC) (cf. *Noiret* 1990: 87). In sum, since the Christian and Socialist pillar of the Belgian political system is composed of four parties and four corresponding union organisations, whilst the ACLVB/CGSLB shares political interests with the liberal PVV/PRL, the dynamic between labour organisations as well as between government and opposition cannot be analysed as a classical two party or two union system (cf. *De Winter* 1989: 712).

As a result of diverging union structures and contrasting institutional links with political parties, the routines of collective bargaining differ considerably between the francophone and flemish regions. While Wallonia has a tradition and culture of shop floor industrial unionism, Flanders is characterized by a history of bi- and tripartite concertation (cf. *Slomp et al.* 1984: 10). The diverging nature of labour relations can be attributed to opposing spheres of influence between the ACV/CSC and ABVV/FGTB. While the Christian union movement is twice as strong as the FGTB in the flemish provinces, the relation is inverse in the Walloon region. Furthermore, through the gradual shift of industrial activity from the francophone to the Dutch-speaking provinces and the Brussels region, the respective power positions of the two largest union confederations have significantly changed. Tab. 2 illustrates the overall evolution and intra-union shifts in membership.

Tab. 2: Evolution of Union Membership in Belgium 1950–1989

Year	ABVV FGTB	ACV CSC	ACLVB CGSLB	Total
1950	584.000	567.600	71.700	1.233.300
1960	715.500	761.700	97.400	1.574.600
1965	750.500	844.400	101.400	1.696.300
1970	837.500	965.200	106.300	1.909.000
1975	1.062.600	1.201.700	161.000	2.425.300
1980	1.126.800	1.318.800	199.500	2.645.100
1985	1.097.600	1.365.200	210.900	2.673.700
1989	1.029.100	1.424.700	212.700	2.656.500

Source: *Ebbinghaus et al.* (1992).

As illustrated, the Christian union ACV/CSC surpassed the ABVV/FGTB in total union membership by 1960. While all three unions managed considerable gains in membership during the 1960–1980 period, the prevailing rank order did not change since this historical *sorpasso*. The Socialist union registered a continuous drop in reported membership during the last decade which makes it likely that the confederation will fall below the one million threshold at the outset of the 1990s. On the other hand, the uninterrupted gains in membership by both the ACV/CSC and the ACLVB/CGSLB have contributed to a steady *increase* in total union membership in Belgium (excluding 1989).⁶

The inter-union power shift is further underscored by the *social elections* at the plant level. Given that these elections take place every four years, they constitute the single most important indicator of the respective power positions of the three representative labour confederations.

Tab. 3: Results from the Belgian Social Elections 1975–1987

A. *Conseil d'Entreprise (CE)**

Organisation	1975	1979	Dif.	1983	Dif.	1987	Dif.
ABVV/FGTB	47.1	44.8	−2.3	43.3	−1.5	40.4	−2.9
ACV/CSC	46.7	48.0	+1.3	48.7	+0.7	47.9	−0.8
ACLVB/CGSLB	6.1	7.2	+1.1	7.9	+0.7	7.7	−0.2

B. *Comité de Sécurité et Hygiène (CSH)**

	1975	1979	Dif.	1983	Dif.	1987	Dif.
ABVV/FGTB	46.0	44.5	−1.5	43.9	−0.6	41.8	−2.1
ACV/CSC	47.8	48.2	+0.4	47.7	−0.5	49.6	+1.9
ACLVB/CGSLB	6.2	7.3	+1.1	8.4	+1.1	8.6	+0.2

* Works Council.

* Health and Safety Council.

Sources: *M.E.T* (1987), *Lambert* (1980: 143, 148).

6) A word of caution is necessary when evaluating these figures. Due to the tendency of inflating their accounts, the publication of membership figures by the individual unions is highly controversial in Belgium. First, the data is hampered by temporal interruptions and the failure to provide yearly membership figures to an independent agency, like the *Certification Officer* in England. In addition, Belgian unions include in their calculations the retired members, the unemployed and those not paying any contributions. For a detailed description of the ambiguities of union membership reports in Belgium see *Pasture and Mampuy*s (1990).

Tab. 3 illustrates that since 1979 the ACV/CSC registered a continuous increase in votes at the expense of its main rival, the ABVV/FGTB. The diffusion of electoral gains by the Christian union prevails for all the regions and groups of employees. Overproportional increases occurred in Flanders, chiefly among white collar employees where the ACV/CSC is already the majority union (cf. Capron 1987).

In each of the two main labour confederations, membership is concentrated in general, public service and white collar unions. With regard to the sectoral and social configuration of its membership, the ACV/CSC is firmly rooted in the engineering, textiles and construction industries. In comparison to the ABVV/FGTB, the portion of white collar employees (especially in teaching) is far larger within the Christian union. The Socialist confederation is first and foremost identified with the francophone provinces where lie its historical roots and its rank—and—file is concentrated. The bulk of the union's membership is in the iron, coal and steel industries, concentrated in large enterprises and spatially clustered in Charleroi and Liège. The strongholds of the Liberal union confederation lie in the bi—lingual Brussels region (cf. Ebbinghaus et al. 1992).

The initial responses of the trade unions to the unfolding crisis reflected the highly fragmented nature of politics in a segmented society. The regional fragmentation of the Belgian industrial relations system made the endorsement of discretionary strategies all the more difficult, if not unlikely. As the controversies surrounding the system of automatic wage indexation exemplify, the diverging cultures, traditions and problem fields between Wallonia and Flanders hindered the relevant labour market actors from coming up with policy alternatives that targeted the *Belgian malaise* in an encompassing manner, and thus putting particularism on hold. At a point in time when it was needed most (late seventies early eighties) organisational heterogeneity and regional disparities made the achievement of a *Belgian Social Contract* unattainable.

The Consultative Network in Belgian Industrial Relations

Belgium is characterized by a highly institutionalized presence of unions and employers in the formulation and administration of national economic activities and social policy. Katzenstein (1985) regards *democratic corporatism* as enhancing political predictability and incremental adjustment on issues of economic and social policy. This pattern of institutionalized consensus formation served as the foundation for both political decision—making and the development of collective bargaining in Belgian industrial relations. The *Social Solidarity Pact* from 1945 can be placed in this arrangement

of consensus-oriented politics. The agreement constituted the backbone of post-war industrial relations in Belgium and provided for the gradual integration of the trade unions into the prevailing economic order.

In the pact, both Socialist and Christian unions and employers assessed their "mutual" dependence, and the "peaceful co-existence" of the collective actors in the industrial relations system. The content of collective bargaining was focused on social policy issues and the procedure established served to furnish trade-offs between "economic" benefits for the employers and "social" gains for the workforce (cf. *Hancké and Wijgaerts* 1989: 203). An additional characteristic of the *Social Solidarity Pact* was the institutionalization of conflict through the introduction of a multi-dimensional network of national-level consultation between the government, the employers and the unions.

Following this basic agreement of Belgian industrial relations, various institutions were established which allowed for different modes of consultation in the fields of economic and social policy making (cf. *van den Brande* 1987: 95, *Vanderstraeten* 1986: 671). The most important and influential of these at the national level is the *National Labour Council*. Founded in 1952, the CNT is generally perceived by the representative⁷ collective bargaining actors as Belgium's "social parliament" (cf. *M.E.T.* 1987: 435). Next to the CNT, the *Conseil Central de l'Economie* reflects most distinctively the consultation arrangements at the national level. Founded in 1948, the CCE embodies the central employers' association and the three largest trade unions. Its primary responsibilities concern the provision of recommendations to inquiries from the government and/or parliament (cf. *Hannequart* 1989: 44).

Conversely, the CNT's field of responsibility includes furnishing advice and expertise to both the government and the parliament in areas of labour law and social policy. In addition, the National Labour Council holds an autonomous regulatory competence in matters of collective bargaining. As a result of legislative changes enacted in 1968, the CNT is authorized to conclude inter-industry agreements for the private sector. These collective norms are later legitimized through govern-

7) Representative trade unions (the ACV/CSC, ABVV/FGTB and ACLVB/CGSLB) and the employers' associations (VOB/FEB) hold an equal number of seats in the CNT. The definition of representativity is included in the 1968 Act concerning collective industrial agreements and joint committees. It focuses on the inter-occupational configuration of the labour confederation, its establishment at the national level, representation in the *Central Economic Council* as well as the *National Labour Council*, and the requirement that to be represented organisations must have at least 50.000 members (cf. *Blanpain* 1984: 320).

ment regulation. In that respect, "the role of the public authorities was essentially a supplementary one of transferring to the judicial and legislative level the contents of the inter-industry agreements" (cf. Bayar *et al.* 1987: 40).

This design of interdependent institutions centred on consultation and concertation carried on until the beginning of the 1980s the standard operating procedure of transforming collective bargaining provisions into subsequent legal norms. However, as the history of the third national consultative institution during the second half of the seventies illustrates, the actors involved in the *National Labour Conferences* increasingly failed to arrive at consensual answers as the economic crisis intensified. The objective of such conferences between the government and the central collective bargaining organisations consisted in the latter monitoring political orientations to the former. They were mainly convened "when the social situation risked to aggravate or brought to the forefront particularly urgent matters" (cf. Hannequart 1989: 43).

While the design of consultative bodies was essentially based on the parameters of social and economic gains for all actors involved, the trade-off matrix proved not to be constructed for a labour market crisis in which unemployment and the expenditure to support the jobless were running out of control.⁸ The hardening of attitudes between the state, the employers and the trade unions on issues that essentially touched vested interests of the organisations involved explains why the established "culture of compromise" became increasingly strained during the period 1978–1986 (Katzenstein 1985: 32). For almost a decade the CNT proved unable to outline a new socio-economic consensus, thus undermining its role as the central arena of crisis management on employment and social policy affairs. As Deweerdt and Smits (1982: 265) argue,

"a climate of mutual trust between the social partners could not be reestablished, and the union-management negotiations could not break out of the impasse. This confirmed the contention that the Belgian consultation syndicalism is effective for periods of substantial economic growth and much less for periods of economic crisis."

The deteriorating socio-economic consensus was furthered by regional divergencies in the impact of the crisis and the community tensions thus provoked. The sharpening of differences regarding regional economic performance, industrial competitiveness and the diverging evolution of the labour

8) Expenditure on unemployment benefits increased from 2 percent of GNP in 1975 to more than 5 percent in 1981. Total social expenditure reached 28 percent of GNP, and the public sector deficit rose to 11.5 percent of GNP (cf. Dancet 1986: 122).

markets in Flanders and Wallonia placed the identification of common solutions under severe constraints. Thus, the process of regionalization was reinforced by the multi-dimensionality of the crisis, and policies embodying a comprehensive solution proved to be unachievable.

Having outlined various structural features of its socio-economic system, and how they affected the process of policy making during the crisis in Belgium, we shall now turn our attention to the agenda-setting and implementation of working time policies. The analysis of this policy process will be elaborated with regard to the framework unfolded in the preceding sections. As shall be shown in detail, the strategy of working time reduction was taken up by both the collective bargaining actors and the state, albeit at different time periods and with diverging interests. In the course of this undertaking, the goals identified with working time policies changed as did the actor constellations endorsing the respective measure(s).

3. Issue—Building and Implementation Patterns of Working Time Policies

The Take-off in 1976–1978

As shown above, after the Second World War Belgium established various institutions of consultation between the relevant labour market actors. The defining characteristics of the consultation network were its multi-dimensionality and high degree of institutionalisation. For the period 1955–1975 the CNT, CCE and the National Labour Conferences contributed to what *Dancet* (1988: 217) has called "the golden age of social planning and growth." With inter-industry agreements as the dominant pattern of compromise formation during the two decades, numerous settlements provided for a progressive reduction of standardized weekly working time.

In 1955 the 45-hour week was introduced through an inter-industry agreement, and the 43-hour week followed in 1969. Next to curtailing standard weekly working time, the abolition of mandatory Saturday working in manufacturing, and repeated increases in paid holidays were implemented between 1955–1975 (cf. *Blanpain* 1988: 98). These different provisions were exclusively addressed by unions and employers within the framework of social policies and individual welfare gains (cf. *Tollet* 1985: 324).

The Belgian issue—building process of work sharing as a means of confronting the dramatic decline in employment only gained momentum *after* the signing of the inter—industry agreement in 1975 which provided for the generalization of the 40—hour week. Initially, the trade unions put the demand on the agenda of national and sectoral bargaining institutions. Following the introduction of numerous early retirement schemes (see the next section) the objective of implementing the 36—hour week by 1980 became the new order of the day. As the demand was presented at union Congresses under the heading of *partage du travail*, the two largest Belgian labour confederations explicitly agreed that they neither accepted a reduction in purchasing power nor supported a suspension of wage indexation (cf. *Alaluf* 1989: 253—254).

In stark contrast to this position, the employers categorically rejected such an approach to the hours issue. Rather, the Patronat favoured the alternative of establishing improved legal provisions for part—time working (cf. *VOB/FEB* 1979; *ibid.* 1982). However, this position was subject to revisions in the course of the issue—building process. Later, the employers argued for a cost—neutral working time reduction, linking wage moderation either with the reform of the indexation system, or by proposing to suspend wage bargaining for three years (cf. *De Backer et al.* 1980: 135). Such diverging positions during the initial agenda—setting of working time policies signalled that possible agreements would face a high compromise threshold.

The lack of interest affinity between the collective actors of capital and labour concerning the issue of shorter hours is in stark contrast to the understanding shared by both sides when facing the issue of *early retirement*. Unlike demands for working time reduction, the necessary amount of movement in the direction of a compromise enhancing *defensive* labour market strategies was much smaller right from the outset of negotiations. Whereas the adequacy and desirability of early retirement schemes never became a matter of sustained conflict in the industrial relations system, the unfolding work sharing debate was delegated to the branch and firm level bargaining levels.

Early Retirement as the *First Working Time Measure Against Unemployment*

In the light of the rapid deterioration of the Belgian labour market during the mid—seventies, both the government and the collective bargaining organisations first reacted to the emerging crisis with a set of defensive measures. Such labour market policies focused on extensive compensatory public sector job creation schemes and reducing the labour force participation rate of older employees. The former response involved the creation of more than 125.000 new jobs between 1974—1983,

however with a marked slowdown since 1981/82 (cf. *OECD* 1984: 36). On the other hand, the latter measure included the massive implementation of early retirement schemes through both legal provisions and collective bargaining agreements.

From the outset in 1974 to 1987 over 197.000 employees were registered as having taken advantage of one of the many early retirement formules, for instance the *prépension conventionnelle licenciement* or the *prépension légale* (cf. *Rongé and Molitor* 1987: 40). Through the numerous early retirement schemes on the national, branch and enterprise levels (for an overview see *Casey* 1985), the labour force participation rate of male employees aged 60–64 drastically declined within two decades. From 70.8 percent in 1961 it dropped to 64 percent in 1970 and hit 32.5 percent in 1981. Regarding regional effects, the evolution was equally dramatic in Flanders and Wallonia (cf. *Annuaire Statistique* 1986: 501–503).

In terms of quantitative job replacement, the re-occupation clauses included in some early retirement schemes achieved a ratio of 67 percent of early retirees. Generally defined as "maintaining" employment levels, the clause sought to affect youth unemployment (under 30 years of age). As data furnished by the Employment Ministry illustrates more than 51.000 persons either found a new job, or received an apprenticeship as a result of linking early retirement with re-occupation provisions (cf. *Commissariat Général du Plan* 1984: 101).

However, as impressive as these figures appear, the early retirement schemes did not create any new jobs. While dismissals were postponed or directed into early retirement trajectories, unemployment on the national level could not be curtailed as a result of such programmes. In other words, the performance of the strategy contributed neither to the *reversibility* nor to the *stoppage* of unemployment growth during 1974–1986. The resulting dilemma made it increasingly difficult for the trade unions to maintain their labour market priorities. As a union official recalled,

"because the total number of jobs did not increase, the justification for shifting available employment from one older worker to a younger worker became blurred. Since our strategy was running into trouble the search for viable new answers to the labour market drama led to the discovery of the presupposed positive potential of work sharing through shorter hours" (cf. *Int. CSC*).

In order to successfully popularize the new strategy the labour confederations had to identify to what extent their rank-and-file would support the new demand, if need be also with the endorsement of voluntary wage sacrifices.

Income Policy, Wage Indexation, Wage Moderation

As a consequence of the *Social Pact* of 1945, wage bargaining in Belgium was embedded in a framework of bi-partite arrangements, and grounded on the explicit agreement between unions and employers that state interference was neither desirable nor necessary (cf. *Armingeon* 1983: 40). Therefore, a de facto incomes policy did not exist in Belgium during the 1950–1975 period (*Katzenstein* 1983: 107). However, the Belgian system of wage formation included a procedure for the automatic adaptation of wages and social incomes to the consumer price index. Established in 1952, the core element of the indexation system sanctioned a full cost-of-living adjustment for employees and recipients of social incomes each time consumer prices rose by more than 2 per cent. Automatic wage indexation not only became a benchmark of the Belgian welfare state, but also a measure rich in symbolism for the unions, and a source of recurring controversy for the employers.

A core reason for the *Belgian malaise* during the period 1975–1982 lay in the diverging evolution of hourly real wages and productivity. Between 1970 and 1975 hourly wages grew faster than productivity. During the following five years both indicators developed in a similar direction while unemployment exploded (cf. *Dancet* 1986: 118). In fact, with both unemployment and inflation reaching record levels, Belgian employees continued to attain *uninterrupted* real wage increases. As *Therborn* (1986: 150) remarked,

"collective bargaining was quite successful for employed Belgian workers and employees. Between 1978 and 1982, Belgium was alone among the seven small countries of Scandinavia, the Low Countries, Austria and Switzerland, in having a real wage increase."

In contrast to pay rises for those managing to keep a job, private investment was stagnant since 1973 and declined from 1977 onwards. Under conditions such as these, employers who could not manage exorbitant unit labour costs by passing them on to their pricing policies because of competitive disadvantages in international markets were forced to reduce their manning levels. Approaching the 1980s and with no feasible solution of the domestic crisis at hand, unit wage costs in Belgian industry were at least 12 percent above the average rate of its three most important trading partners: West Germany, the Netherlands and France. As *Grauwe* (1983: 102) tells the story, "Belgium started the 1970s as a country with a relatively low wage cost in manufacturing and ended the decade as a country with the highest wage cost in manufacturing in the EEC."

All told, if Belgium was considered the "sinking ship" of Europe since midway through the 1970s (cf. *Albert* 1985: 7), the medicine to be applied for a sound and prompt recovery seemed self-evident to the dominant party, alliance in Belgian politics, the Conservative-Social Christian CVP/PSC, and the employers: to curb exorbitant wage increases, and send out a clear message that the unions' income strategies of wage-price indexation had to be changed. Under the heading of voluntary wage restraint (*modération salariale*), and supplemented by calls for austerity measures in budget policies, crisis management was repeatedly put on the agenda of tri-partite consultations. However, various state initiatives could not engender solutions to recurring deadlock situations.

The institution of automatic wage indexation created a high threshold for unions and their rank-and-file to popularize conditions for voluntary income sacrifices. Among the union membership the question of automatic wage indexation was regarded as a highly symbolic collective good. When the VOB/FEB suggested for the first time in 1975 that the existing procedures — not the system as such — of indexation should be revised, both the ACV/CSC and the ABVV/FGTB judged the employers' proposal as seeking to do away with a cornerstone of Belgian industrial relations (cf. *Dancet* 1986: 116).

That such unbending approaches reflected aspirations and interests of the union rank-and-file was most obviously demonstrated in a paramount case of industrial militancy: the 1979 dispute over shorter hours at A.C.E.C. in 1979. The conflict gained nation-wide attention for its 13-week duration and the unwavering positions taken by the actors involved. The dispute in the electrical engineering firm located in Charleroi, Wallonia initially focused on wages and working time issues, but soon turned into a battle over principles of income moderation, the right to strike and redundancy provisions. In time, the firm conflict witnessed the interference of regional union and employers' representatives, and later federal courts.

Two elements during the dispute contributed to its escalation. After four weeks of strikes the A.C.E.C. managers responded by laying-off white collar employees, although they were not involved in the conflict. In addition, the employers sought to make union officials liable for what they perceived to be an illegal strike. What finally ended the bitter dispute was direct government intervention. The solution found provided for the introduction of the 37.5-hour week in 1980 and wage increases totalling 7.5 percent (cf. *Courrier Hebdomadaire* 1980).

While in the perceptions of union representatives the industrial militancy became a landmark for "withstanding managerial arbitrariness" (cf. *Int. FGTB*), employees outside A.C.E.C. were afforded a first-hand glimpse of eventual conflict costs which they would have to bear. Furthermore, the strike illustrated that it would not have unfolded such a dynamic solely on grounds of working

time demands. Rather, the walkout quickly turned into a conflict in which solidarity for 'our organisation' assumed centre stage. In other words, the mobilization of springs of loyalty at the local level, and not a pronounced preference from the workforce for the claims on the national bargaining agenda, explain the shop—floor resolution to meet the employers' confrontation.

Besides, consumer surveys carried out in 1980/81 suggested that Belgian households regarded the economic situation with increasing pessimism. As a reaction to this problem perception they amassed "considerable precautionary savings, especially as a safeguard against unemployment" (cf. *OECD* 1982: 11). Hence, confronting the unfolding labour market crisis occurred in an individualized manner, and in anticipation of the possible future impact of unemployment.

Finally, the development of a clear preference within the active workforce in favour of work sharing policies was considerably constrained by the fact that mass unemployment was becoming an omnipresent phenomenon in Belgian society, although the possibility of actually being touched by it was very unequally distributed.

As noted earlier, the evolution of unemployment mirrored widespread regional disparities. Accordingly, the dissimilarities between the regions impaired the formulation of a coordinated redistributive strategy. Since the collective actors in the respective regions faced a widely different configuration of the crisis they were therefore not exposed to the same set of labour market problems. The subsequent course of the Belgian work sharing debate illustrated that the lack of rank—and—file support for voluntary wage moderation, and the various structural features of the labour market crisis, could only be overcome by a pivotal strategic adaptation on the part of the collective actors. In effect, they turned to and called for state assistance. Hence, the trade unions delegated the work sharing claim upwards by seeking the incorporation of a third party into the arena of collective bargaining. Whilst the unions hoped that the government would support their working time demands, the employers for their part saw the chance for attaining revisions of the indexation system.

From the "Plan V.D.B." to the "Plan De Wulf"

Given that collective bargaining at the inter—industry level had reached a deadlock since 1976, and in light of unemployment rising to double digits in 1978—79, the state manifested an urgency to act. Since the Christian Democrats and the Socialists had formed a coalition in December 1978, the political configuration of the government allowed for an encompassing approach. The various

initiatives proposed in the field of labour market policies have to be seen with respect to the exacerbation of problems at both the socio-economic and institutional levels. During the formation of the coalition, the so-called "Formateur du Gouvernement"⁹ — P. Van Den Boeynants — submitted a detailed socio-economic recovery plan which confronted the collective bargaining organisations with the following policy objectives:

- ▶ New approaches in working time organisation and manpower policies were to promote additional "suppleness" for the competitive performance of Belgian firms. The options proposed consisted of various early retirement schemes, the phased introduction of the 36-hour week, legislation promoting part-time work and sabbaticals. —
- ▶ Firms with more than 100 employees had to meet a job creation target of 3 percent. Companies with "difficulties" were exempted from this obligation, and small and medium sized firms could refer to less strict employment conditions.
- ▶ The combination of working time reduction and job creation targets had to be supplemented by an agreement on "income moderation". For a duration of three years wage increases were not to exceed the amount deriving from automatic wage indexation.

However, the subsequent negotiations reinforced the existing inter-organisational compromise problems. The employers labelled the government proposals as "bad therapy" against the unfolding labour market crisis (cf. *Lambert* 1980: 76). Furthermore, the VOB/FEB argued that the scheme did not include any guarantees as to how the unions would be committed to respect the three year income moderation. The doubts voiced concerned the capacity of the labour confederations to endorse *and* maintain a policy of voluntary self-restraint against the highly independent regional union organisations.

Uncertainty over voluntary wage moderation and the fact that the government could neither compel the labour market actors, nor issue negative sanctions in case of non-compliance rendered the ambitious distributional scheme null and void. Following its rejection by the collective bargaining organisations the government provided the industrial relations actors with a refined proposal. The so-called *Plan De Wulf*¹⁰ included wage subsidies to firms which reduced their weekly

9) The Belgian procedure of forming a government involves a person responsible with the "mission de formation du gouvernement". Called-on by the King, this "formateur" is not identical with the later Prime Minister.

working time to 38 hours by the end of 1980. In order to be eligible for the two-year subsidies firms had to either recruit registered full-time job seekers or appoint unemployed youths.

By downgrading the differences between union demands for shorter hours and managerial demands for wage moderation, the *Plan De Wulf* contributed to extending the process of working time reduction to other branches and groups of employees *without* recourse to industrial action. In April 1980 over 40 percent of full-time employees in the private and public sectors had been touched by a reduced working week of 38 hours. By year's end more than two-thirds were affected by the new hours standard (cf. *Internationale Chronik* 1980: 10).

When considering the specific content of such agreements our attention has to be drawn to the following facts: Seldom was there any reference to simultaneously reduce weekly working time and extra hours. Rather, in many cases the contracts contained provisions linking the hours issue to production requirements of the individual firm. In particular, employers in large firms managed to leave open the precise definition of shorter hours. Pending the introduction of the 39 or 38-hour week, agreements included a daily reduction of 12 to 24 minutes. Furthermore, contracts stipulated to take advantage of free shift regulations during specific periods of the year, for instance Easter, Christmas or New Year. As *Rongé and Molitor* (1987: 16) conclude, the acknowledgement of enlarged flexibility options in combination with furnishing productivity gains provided that "the agreements...were used more to protect those actively working than to share work between those actively working and those out of work."

In sum, whilst the reduction process was gaining momentum, establishing a tri-partite consensus over labour market priorities repeatedly failed to overcome the challenge of linking voluntary wage moderation with binding job creation provisions. Comparing the *Plan V.D.B.* with the *De Wulf scheme* it is self-evident that the latter excluded the cornerstones of the former: the demand for union self-restraint in incomes policies and binding job creation provisions (cf. *Freese et al.* 1988: 87). Notwithstanding its success, the *Plan De Wulf* implied that redistributive objectives were excluded at the expense of providing feasible results on the hours issue as an end in itself. Thus, the revisions evidently discharged intransigent collective bargaining actors from the formation of an obviously unattainable consensus about labour market policies centered around redistributive objectives.

Following the failure to reach a tri-partite agreement on employment the course of the Belgian work sharing debate was marked by an extensive revision of priorities. When the Christian-

10) Named after the Employment Secretary, R. De Wulf, a Flemish Social Democrat.

Democratic coalition members called for a temporary cessation of the indexation mechanism in April 1981, the PS responded with the resignation of its cabinet members. The following general elections in November 1981 yielded a stunning surprise in many ways. The Flemish Christian Democrats (CVP) suffered their worst defeat since World War Two, receiving only 19.3 percent (−6.8%) of the vote. The much smaller Walloon wing, the PSC, registered 7.1 percent, a loss of 3.1 percent to the previous elections in December 1978. The Socialist parties remained stable, receiving 12.4 and 12.7 percent of the vote in Flanders and Wallonia respectively. The winners at the ballot box were the Liberal parties, with the PVV drawing 12.9 percent (+2.6%) and support for the PRL reaching 8.6 percent (+2.0%, cf. *Gorvin* 1989: 31). On the basis of these electoral results, the old and then again new Prime Minister W. Martens (CVP) formed a Centre–Right coalition (so–called Martens V, consisting of the CVP, PSC, PVV and PRL) which quickly administered a remarkable U–turn in Belgian politics.

The U–Turn in 1982

Seen from the perspective of Prime Minister Martens, the point of departure in 1982 was "to restore the economic and financial environment as a condition for halting the industrial disinvestment, the destruction of employment, and giving new hope to the population of our country" (cf. *Kamer van Volksvertegenwoordigers* 1981: 67). The new policy approach of the Centre–Right coalition entailed a neo–liberal economic concept whose immediate application was made possible by resorting to 'volmachten' (special powers).¹¹ Whereas a social consensus between the government, the unions and the employers in the face of the crisis proved to be unachievable, the former asked for and received legislative authority to rule by decree through the Parliament in February 1982. Thus, the unions and employers were henceforth to be confronted with socio–economic policy options unilaterally defined by the government.

11) Referring to the special powers legislation, Prime Minister Martens commented: "This is the tenth time in Belgian history that the Government has been given special powers by the King. Many of the other occasions were times of war, and I consider this period to be *war in terms of the economic problems we face*" (cf. *Burton and Drozdiak* 1982: 32, my italics).

What Smits (1983: 183) has labelled "less democracy for a better economy" focused on the restoration of the competitive capacities of Belgian firms in the external sector and the reduction of the budget deficit. While limiting government expenditure did not mean "parliament's partial surrender of its legislative powers" (cf. *ibid.*: 184), the prerogative of adjusting corporate earnings did call for resort to special powers. This was the case because changing the system of automatic wage-price indexation was a prime target of governmental regulation. In addition, making use of 'volmachten' in order to introduce austerity policies allowed the ruling CVP to outmanoeuvre its union base (ACV) in parliament.

With respect to monetary policy, the devaluation of the Belgian franc by 8.5 percent within the EMS in February 1982 was the first re-fixing experienced in 33 years (cf. *Deschamps* 1984: 587). Along with its monetary effect, namely to bring an overvalued currency back into competition, the exchange-rate adjustment also affected the interaction of the collective bargaining actors. In that respect, "recourse to devaluation by a country with a traditional attachment to exchange-rate stability had a *shock effect* on the social partners and facilitated their acceptance of the corrective measures" (cf. *OECD* 1988: 119, my italics). The political repercussions were even stronger when the decision to suspend the index linkage and impose a price freeze for three months was taken in February 1982. With the exception of the lowest wages and salaries, cutting the cross-linkage to the retail price index reinforced the objective of restoring financial equilibrium in the private sector.¹²

Full wage indexation was only restored in September 1983, but without retroactive effect and under conditions strictly limiting the scope of collective bargaining on the issue of real wage formation until 1986. These restrictions concerned the legal introduction of a 'competitiveness norm' which provided ample opportunity for the government to interfere in any wage negotiations should these result in agreements wherein wages rose faster in Belgium (in common currency terms) than in its seven main trading partner countries.¹³

In determining pay increases with regard to the evolution of wages and incomes in the seven trading partners, the established routine of *quid-pro-quo* between productivity increases and real-wage gains was unequivocally broken. With this means of income regulation the government

12) According to *Dancet* (1988: 221), the Belgian government was "advised in strong terms" by member governments of the EC to modify its "prejudicial" system of wage indexation.

13) The countries listed within the competitiveness norm were Britain, the former Federal Republic of Germany, France, Italy, Japan, the Netherlands and the United States.

had in its hands a mechanism of direct intervention, and therefore threatened any process of collective wage bargaining which was not in line with its policy goals. With such a 'stick behind the door' the practice of income formation in the Belgian system of industrial relations was deprived of its bargaining autonomy. As *Smits* (1983: 193–194) argues,

"instead of becoming the third partner, the government evolved into the party which defined the contents of the material to be discussed and, failing a consensus between the employers and the workers, took the final decision itself...The social partners were thereby faced with a fait accompli."

A stock-taking of the statutory moderation policy introduced between 1982 and 1987 reveals that a major share of households' income was first transferred to the corporate and later to the public sector. Results of this policy could be observed in the fall of wages paid by firms. Workers' per capita real income dropped by more than ten percent between 1982 and 1986 (cf. *Erlich et al.* 1987: 1382). On the whole, the corrective measures involved sacrifices for the wage earners amounting to over 12 per cent of their net earnings (cf. *OECD* 1988: 122). Furthermore, the budget constraints prevented the public sector from continuing to provide compensatory employment opportunities. The role it fulfilled increasingly switched from an active labour market policy to a defensive and re-active approach. While registered unemployment dramatically increased between 1982–1985, those drawing benefits steadily declined. In June 1982 more than 510.000 people were unemployed, of whom 433.000 were entitled to unemployment benefits. By the end of 1985 the unemployment ranks had increased to 608.000, but only 484.000 were drawing unemployment cheques (cf. *Spineux* 1990: 54–56).

4. Working Time Policy Amidst the 'Stick Behind the Door'

Placed in the context of the change of government coalition in 1982 and the approval of special powers by Parliament, the objectives and the procedures of Belgian labour market policies underwent a distinctive transformation. The Martens V Government henceforth combined its working time initiatives with a restrictive wage policy, thus ruling out full wage compensation for a reduced working week. In the course of this change of priorities the institutional arrangement of Belgian

industrial relations was reshaped. The post-war consensus of a tri-partite institutional design that excluded unilateral state intervention in the arena of capital-labour bargaining was overturned by the Centre-Right Government.

To illustrate the marked turnabout in the process of Belgian policy-making this section will focus in detail on two sets of measures introduced during 1982-1985. The first concerns the so-called *Operation 5-3-3*, while the second is termed *Hansenne working time experiments*. Directed towards work sharing, the former combined working time reduction with state-induced wage moderation. By contrast, the latter's common denominator consisted of enlarging *flexibility* by way of decentralizing collective bargaining mechanisms and deregulating legal provisions in the employment of labour. More generally, both sets of measures were part of a comprehensive policy of readjustment in the fields of industrial relations and economic performance.

The Operation 5-3-3

Against the background of a national unemployment rate of 16.6 percent, and an expected further rise in the number of labour market entrants of 186.000 between 1981 and 1986, the Centre-Right coalition chose to make use of its special powers in the field of labour market policies. The initiative was additionally fuelled by information submitted by the National Planning Office which predicted the pointlessness of a labour market policy exclusively grounded on economic growth expectations (cf. the so-called 'Maribel models', *Bureau du Plan* 1982).

The *Operation 5-3-3* focused on three elements: In exchange for a compulsory three percent wage sacrifice unions and employers in the *commissions paritaires*¹⁴ of the private sector were to negotiate a reduction of working time amounting to five percent, and further reach agreements on job creation schemes which foresaw a three percent employment growth. In sum, wage savings served to finance compensatory recruitment through working time reduction. As a result of this policy package the government underscored the need for a cost-neutral working time reduction while simultaneously satisfying entrepreneurial calls for a solid application of income moderation. Finally, the combination of shorter hours and statutory wage sacrifices was to promote the creation of 70.000 new jobs. As the former Employment Secretary and architect of the exchange formula

— M. Hansenne — argued:

"it is not a priority to reduce working hours. Rather, we are focusing on forms of reduction which will effectively create new jobs... Since Belgium is already the country in the world with the lowest average working time any further reduction has to adhere to extremely specific rules in order to guarantee that the reduction creates new jobs (cf. *Hansenne* 1985: 53, 57).

As regards the construction of the exchange formula the degree of commitment on either side of the collective bargaining organisations was slanted. As *De Villé* (1984: 12) has noted, the unions felt "somewhat trapped in a biased situation: the wage aspect of the proposal not being negotiable, and by definition relatively favorable to management." In other words, while the employers did not have to fulfill any preconditions, and could count on established compromise routines in the *commissions paritaires* the unions were *hors du jeu* concerning wage formation. Besides, while the wage sacrifice was non-negotiable, the realization of the other two components of the scheme were to be determined in capital-labour bargaining. With this procedural element the government discharged itself from a *direct* responsibility regarding the employment component of the 5-3-3 plan. Delegating this component to the *commissions paritaires* implied that the unions and the employers would have to find individual formulae for the creation of new jobs. Apart from this delegation of responsibilities the specific definition of the three percent job creation objective remained a subject of extended controversy.¹⁵

14) The *commissions paritaires* are the bargaining institutions at the branch level. As their name indicates, they are made up of an equal number of union and employer representatives. In 1983 over 150 such commissions existed.

15) The original French version read: "une embauche compensatoire de 3%...formules alternatives donnant un résultat *considéré comme équivalent* pour l'emploi" (cf. *Plettinx* 1984: 6, my italics).

Evaluating the 5-3-3 Exchange Formula

When evaluating the implementation of the 5-3-3 scheme a striking conclusion is the intensive bargaining dynamic which it sparked off. Between 1983 and 1984 more than 1.400 agreements were signed at the branch and firm levels. In terms of employees affected by such settlements over 1.300.000 of the two million private sector employees received new working time schedules (cf. *Béguin* 1985: 37). In case the *commissions paritaires* could not reach a compromise the components of the 5-3-3 scheme were delegated to the firm level. This procedure allowed for a decentralization of the issues on the bargaining table and the enlargement of the spheres of concertation. In practice, a marked shift in levels of bargaining and the diversification of procedures could be observed: only 84 of the 155 *commissions paritaires* fostered a compromise, while over 1.300 firm-level agreements were signed (cf. *De Villé* 1984: 13).

Turning to an evaluation of the respective elements of the *Operation 5-3-3*, let us first look at the *working time* side of the scheme. According to an examination undertaken by the Belgian Planning Office the average working time reduction of all branches which signed an agreement reached one percent in 1983 and fell to 0.5 percent in 1984 (cf. *M.E.T.* 1987: 449). This finding was consistent with results published by the ABVV/FGTB which yielded a reduction of 1.4 percent for the two years (cf. *FGTB* 1986: 48). The picture presented by the employers' federation allows for a classification according to the size of the companies affected. If small and medium-sized firms are taken into consideration the reduction reaches 1.4 percent. Omitting these firms from the evaluation yields a cut in working hours of 2.4 percent (cf. *VOB/FEB* 1987: 2). These results lead us to a first conclusion: despite the differences in the evaluations presented they confirm that the target of a five percent working time reduction was *not* arrived at.

If the working time target was not attained, how then did the *job creation* element fare? Tab. 4 considers the data published by the Employment Ministry which is based on firms which *reported* an agreement including job creation provisions.

Tab. 4: Employment Changes in the Context of the Operation 5-3-3

Cases	Emp.Dec.1982 ¹	Emp.Dec.1983	Change	percent
A ²	788.400	812.200	+ 24.200	+ 2.9
B ³	606.300	615.500	+ 9.200	+ 1.5
C ⁴	396.200	365.000	- 31.200	- 7.8
D ⁵	179.600	160.000	- 19.600	- 10.9
Total ⁶	1.394.700	1.419.700	+ 33.400	+ 1.8
Total	1.970.500	1.944.700	- 25.800	- 1.3

1. Employees in December of 1982.
2. Large enterprises fulfilling the job creation objective.
3. Small and medium-sized firms satisfying the job creation target.
4. No settlement or non-compliance with the presupposed targets.
5. Construction industry.
6. A + B.

Source: Employment Ministry. Taken from *De Villé* 1984: 13.

On the basis of the government's evaluation the employment outcomes deriving from the combination of working time reduction and compulsory wage sacrifice amounted to 33.400 new jobs in 1983. Classified according to firms' size 9.200 new jobs were created in small and medium-sized plants and 24.200 in large enterprises. The evaluation for 1983 and 1984 yielded a net employment effect of 52.100 new jobs (cf. *Werner and König* 1987: 62).

Given the perceived ownership of the policy, the Employment Ministry regarded the global results as a success. Still, it could not ignore the fact that the projected target of 70.000 new jobs had not been reached. Nevertheless, the architect of the 5-3-3 scheme, Employment Secretary Hansenne, argued that the results made it possible to reduce the adverse consequences of dismantling jobs in sectors and companies with "difficulties". From his point of view the government was dealing with an "extremely successful" outcome (cf. *Hansenne* 1985: 54). His judgement is rendered more comprehensible when we additionally take into account the learning implications contained in the exchange formula for the collective actors. In his own account Hansenne described this

approach as to "force the labour market organisations to negotiate amidst a web of constraints which both sides refused. This web consisted in binding the organisations to model agreements which fundamentally broke with the routines established in the post-war decades, and which had become a rigid practice" (cf. *ibid.*: 56).

Hence, this interventionist approach meant that the labour market organisations' actions were explicitly bound by policy targets fixed by the government. At the expense of existing institutional arrangements the governmental norm setting process in matters of industrial relations emphasised that collective bargaining was related to macro-economic parameters. Within this context, the second set of working time measures introduced by the Employment Secretary, the so-called *Hansenne Experiments*, focused primarily on concerns for and changes in economic performance of individual firms.

The Hansenne Working Time Experiments

With the Royal decree No. 179 from March 1983 the *Hansenne Experiments* introduced a further reorientation of Belgian working time policies. In general, they sought to integrate the *reorganisation* of shorter hours into the context of *restructuring* the production system of individual firms. In practical terms, the *Hansenne Experiments* worked towards a twofold objective. The first was the creation of additional jobs by way of reorganizing working time schedules at the plant level. The most noteworthy move towards this target was the justification of Sunday working in the industrial sector: contrary to existing legal provisions and collective bargaining norms the introduction of Sunday working could henceforth be approved on economic grounds.¹⁶

Next to the flexibilization options the *Hansenne Experiments* involved a set of deregulation measures which went beyond the objective of restructuring working time standards. Rather, the two-year repeal of numerous labour laws sought to reinforce the process of recasting the Belgian system of industrial relations. As Hansenne claimed:

16) In coal mining and the chemical industry Sunday working was legalized according to technological necessities of the respective production patterns.

"The decree No. 179 *also* has the objective to establish the conditions for balanced negotiations between the social partners. Within this framework the individual firm is the original place of dialogue and collective bargaining. For now and in the future this approach may cause problems which especially concern the *redistribution of power* within the unions' and employers' interest organisations" (cf. *Hansenne* 1985: 66, my italics).

Considering both the flexibility and the institutional implications of the *Hansenne Experiments*, the deregulation approach aimed at the re-integration of industrial relations in the firm's general industrial and commercial strategy. The theoretical background for this alteration derived from the so-called *Plan Palasthy*.¹⁷ His blueprint called for an encompassing redistribution of time budgets in Belgian society. Palasthy's starting point was the individual enterprise and its capacity to reorganize time exploitation. In order to improve domestic profitability prospects and advance the conditions for investment of capital in Belgian firms, Palasthy suggested a sound expansion of production time. The cornerstone of Palasthy's scheme consisted of the disconnection of firms' operating time from standardized working time provisions. Such a reorganisation involved expanding the firms' time budgets to seven days and round-the-clock production (cf. *La Libre Belgique* 1983: 40ff.).

The decentralization drive inherent in the *Hansenne working time experiments* focused exclusively on the regulatory competence at plant level, thus excluding the *commissions paritaires* and the inter-industry level from a say in the configuration of the new provisions. In order to introduce new forms of working time patterns the Centre-Right Government had to repeal various legal provisions. These extended to (i) the ban on Sunday working on economic grounds, (ii) limitations on daily working time norms, (iii) the definition of extra hours as well as (iv) regulations concerning the prohibition of female night-working.

Regarding the implementation process the government decree required a necessary "consensus" between the employer and "representatives" of the workforce. This definition implied an important refinement of existing practices of interest representation at the company level. Namely in small and medium-sized firms where union structures of interest representation hardly existed (for instance the *délégation syndicale*) the workforce could elect a non-unionized body of representatives which was authorized to sign working time agreements (cf. *Vanachter* 1987: 231). The possibility of direct

17) Named after Tamas Palasthy, an economist from Hungary who teaches social and political sciences at the Catholic University of Louvain. Between 1982 and 1985 he served as an advisor for the Employment Secretary Hansenne. What made the *Plan Palasthy* so popular and controversial was its direct transfer from academia into the political system.

representation of the workforce outside union structures could therefore break the labour confederations' monopoly of interest representation. In that respect, the notion of advancing 'unionism without unions' brought the two largest Belgian unions against the *Hansenne working time experiments*.

A stock-taking of the implementation of the *Hansenne working time experiments* illustrates that between 1983 and 1986 a total of 55 agreements were registered by the Employment Ministry affecting over 26.000 employees (cf. *Denys et al.* 1985). If we classify these settlements according to branches, size of the firm, regions and form of working time experiment realized we arrive at the following configuration:

- Almost all experiments took place in manufacturing. According to data furnished by the Employment Ministry, the companies introducing new working time schedules were predominantly middle-sized firms (100–500 employees). All firms were characterized as mainly expanding and export-oriented companies with capital intensive production patterns (cf. *Internationale Chronik* 1986: 5).
- The few large enterprises incorporating revised working time standards were subsidiaries of multi-nationals, e.g. Philips, Siemens and Samsonite. Their inter-enterprise competitiveness forced the Belgian subsidiaries to take advantage of the deregulation options.
- Considering the regional distribution of the working time experiments we find that, with the exception of two agreements, all other settlements were signed in Flanders!

The finding that the francophone part of Belgium was practically excluded from the implementation process can be explained by a combination of economic and political reasons. The former concerns the effective economic divide of Belgium on a regional basis in which the industrial 'losers' are located in Wallonia. Conversely, most prospering small and middle-sized firms as well as large enterprises with considerable financial investment in technological restructuring are situated in Flanders. Political considerations dominated the second factor. Since the PS was not a member of the ruling coalition, the francophone union was not inclined to support the government's labour market policies. Yet, this orientation neither ruled out that at the plant level in Flanders the ABVV signed agreements with the ACV, nor that working time flexibility was introduced in the francophone region, however excluding the heading 'Hansenne Experiments' (cf. *FGTB* 1986: 52).

Given the objective of softening rigidities linked to the problem of working time adaptation, the evaluation of the agreements revealed a common element: More than 90 percent of all working time innovations consisted of the introduction of shift-working during weekends. In such cases, the experiments provided for 12-hour shifts on Saturdays and Sundays. For those employees working *exclusively* on weekends reimbursement of 24 hours was equivalent to 36 or 40 hours, depen-

ding on the standard weekly working time norm (cf. *Denys et al.* 1985: 61). By and large, the experiments merit the conclusion that weekly working time patterns were made more flexible by integrating unavailable time budgets on weekends into the existing production patterns (cf. *Leroy* 1988: 37). If we further consider the question of how employees reacted to the revised code of practice, it emerges that a certain time period allowing for individual adaptation and overcoming initial resistance was necessary. Thereafter, as various studies have underlined,

"absenteeism dropped substantially, especially among weekend workers...80 percent of the workers were willing to continue working on weekends and 40 percent preferred Saturday and Sunday working against any other working time regulation, even standard weekly working time patterns" (cf. *EIRR* 1986a: 16, 18).

The reason for such high acceptance lay in the attractive leisure time options and the advantageous financial remuneration for the 12-hour weekend shifts. In addition, many of those receiving a job on grounds of the *Hansenne working time experiments* knew all too well what it meant to be unemployed for years, or to be faced with recurring joblessness and sinking unemployment benefits. In 1980 those unemployed for more than two years constituted 38.2 percent of the jobless. By 1986 the proportion had increased to 50.5 percent (cf. *Spineux* 1990: 48).

Looking at the employment performance deriving from the *Hansenne working time experiments* the evaluation is controversial. It is not possible to clarify in detail if the firms under consideration would have created new jobs *without* the provisions of the Hansenne initiative. However, some cases were reported of companies in the engineering and mineral oil sectors turning to lay-offs *during* the period of experimentation (cf. *FGTB* 1986: 51). Bearing these reservations in mind an overview furnished by the Employment Ministry stipulated that 850 additional (full and part-time) jobs were created between 1983 and 1986 (cf. *Werner and König* 1987: 63). Such direct employment gains were supplemented by indirect effects like cancelling redundancies and turning temporary into unlimited employment (cf. *Internationale Chronik* 1986: 5). In the face of registered unemployment reaching over 440.000 in 1986 these results were practically negligible. But for the respective firms which introduced new working time patterns the number of jobs created was by no means marginal (cf. *Freese et al.* 1988: 95). In light of these different results we shall now turn our attention to the interpretation of the state-induced working time policies by the labour market actors.

Evaluating State—Induced Working Time Policies

The Belgian employers firmly welcomed the *Hansenne working time experiments*. The VOB/FEB considered the deregulation measures as options which the individual employers could take advantage of, instead of being forced to implement government regulations as had occurred with the 5—3—3 scheme. Furthermore, the employers federation valued the refined working time policy as the complementary element of an economic policy focused on competitiveness and deregulation. Seen from this perspective, the *Hansenne Experiments* not only centred on questions of working time organisation and rigid labour legislation. At the same time the new opportunities handed to the employers emphasised that industrial relations at the firm level were regarded as a critical parameter of commercial activity and competitive adjustment. As the VOB/FEB claimed, the Hansenne project

"promoted a reflection concerning the reorganisation of working time. Simultaneously it advanced the idea of flexibility, introducing this notion into the mentalities of the respective companies. It thereby created a climate of dialogue and new forms of reflection to enter into the system of the organisations" (cf. *Kohnenmergen* 1987: 90).

Furthermore, as the *Operation 5—3—3* exemplified branch agreements could hardly arrive at stipulating the future employment levels of an enterprise or a sector without taking into consideration the uncertainties of changing macro—economic and technological circumstances, the specific orders in hand of a company, and the qualification profile of labour sought by firms. Of the three dimensions in which unions have a central regulatory interest — wages, working conditions and employment levels — only the former two are established as viable bargaining issues; the latter remaining a by—product of investors' discretionary decisions.

However, reducing these constraints to employers' intransigence and state intervention would only lead us to disregard the inter—organisational pressure with which the labour confederations were confronted in the course of introducing shorter hours strategies. Where working time reduction was implemented *without* real wage losses (1978—1981), and in those cases where it was linked to a *statutory* wage sacrifice (1982—1986), the results were more than ambiguous for the unions' rank—and—file. Both variants yielded small reduction steps and high compromise costs, therefore off—setting any intended work sharing objectives and contributing to a lasting disillusionment within the workforce over the 36—hour week target (cf. *Colpaert* 1987: 41). Thus, the lesson deriving from this experience consisted in the "acknowledgement that any further decrease in working time had to be accompanied by a simultaneous readjustment of wages" (cf. *Int. CSC*).

In practice, the issue of temporal flexibility did not receive a comparable degree of union attention as did the demand for work sharing. Nevertheless, this reluctance did not imply "a general rejection of all kinds of flexibility" (cf. *Syndicaliste CSC* 1987: 17). In effect, the ACV/CSC opted for a strategy of limited cooperation which was mainly influenced by political considerations towards the ruling CVP. Accordingly, the Catholic labour confederation refused to participate in strike actions organized by the FGTB and the PS. As the ACV/CSC claimed "regarding the crisis, the actions do not provide an honest response to the workers...instead they are meant to develop a party and union opposition dominated by electoral considerations. The CSC is not willing to partake in such an obvious game" (cf. *Syndicaliste CSC* 1984: 26).

Removing legal constraints on employment patterns and the decentralization of regulatory competence had two inter-organisational consequences for the unions. With the delegation of collective bargaining to the realm of firm level actors, thus excluding other regulatory institutions in the field of labour market policies, a far reaching "fragmentation of bargaining issues" was established (cf. *Tuchszirer and Greffe* 1986: 75). With the growing diversification of working time patterns, income configuration and interest representation at the firm level the formulation of a unifying demand structure forwarded by unions at the national level became increasingly difficult and contested. More generally, the *Hansenne Experiments* reduced the role of national unions to participant observers who could not control the regulation of weekend working and employment conditions (cf. *Michan* 1983: 5).

Juxtaposed to this understanding stood the experience which parts of the unions' social base were having with regard to the *Hansenne working time experiments*. Not only did flexible working time agreements prove to be feasible, but they also provided far longer portions of leisure time than a weekly working time reduction of one or two hours. Although limited in quantitative terms, the qualitative effects of these experiments considerably contributed to de-mystifying the controversies surrounding the concept of temporal flexibility. Furthermore, as an opinion survey commissioned by the FGTB/ABVV revealed in 1989, two-thirds of Belgian workers preferred flexible hours and chose higher pay in preference to further working time reductions (cf. *IRE* 1989: 4). The consequence of this popularization for the unions' leadership gradually manifested itself in a revision of bargaining priorities. After overcoming initial reservations they addressed the issue of flexibility and started to map out their own blueprints (cf. *FGTB* 1987, *Syndicaliste CSC* 1988: 3). As the engineering union within the FGTB conceded with a degree of self-criticism:

"The union has to give pragmatic answers. We now accept the changes underway, but they have to be supplemented by security of employment as the counterpart...our goal is to socialise these changes, e.g. when we approve weekend working, fixed-term contracts, the expansion of part-time work, and even night working" (cf. *Centrale des Metallurgistes FGTB* 1988: 17-18).

The quotation highlights the dynamic transformation of Belgian working time policies: formerly tied to work sharing the policy was gradually understood as a means to enhance the temporal flexibility of firms' commercial activities and their utilisation of labour. This transition shall be illustrated in more detail by drawing attention to the regulation of flexibility provisions through the collective bargaining actors in the following section.

5. The Return of Tripartism

After winning the parliamentary elections in 1985, the Martens VI Cabinet (Social Christian—Liberal coalition) convoked the social partners to begin central negotiations within the National Labour Council. The field of issues to be treated included the competitive position of Belgian firms, the promotion of employment, and improving the flexibility of the labour market. This undertaking implied that unions and employers would also have to arrive at an evaluation of the *Hansenne working time experiments*. However, the government's initiative was explicit regarding a possible failure to reach an agreement. After having obtained special powers from parliament for the third time any lack of success in central negotiations would subsequently lead to the imposition of measures by means of executive decrees (cf. *Couttenier* 1987: 370). In this respect, the framework of negotiations in the CNT had changed profoundly. Anticipating interference by the political system forced the unions and the employers "to take into account the wishes of an absent third party — the Government" (cf. *EIRR* 1991: 16).

The renewed importance attributed to inter—industry negotiations must be explained with reference to the legal context, and the collective bargaining organisations' common interest in reinstating unrestricted negotiations in the private sector. The legal framework prohibited real wage increases for 1985 and 1986 outside of the existing indexation provisions. Furthermore, in the context of austerity measures the *Social Recovery Law* of 1985 included a 'competitiveness norm' which gave the government a "general mechanism to intervene at almost any moment in wage developments" (cf. *EIRR* 1985: 10—11). Finally, agreements concluded on grounds of the 5—3—3 exchange formula in 1983/84 were automatically extended for another two years. This decision of the government had serious consequences for industries and companies in the private sector since they were confronted with the unilateral and binding extension of their previous obligations.

Resentment at and growing awareness of the limits of sustained state intervention in collective bargaining affairs led both the employers' association and the trade union confederations back to the bargaining table. On the one hand, the legal framework forced the labour market organisations to negotiate, albeit within an intricate framework. On the other hand, it was increasingly questioned how much longer, and in which areas of labour market policies, direct government intervention could be economically rational and politically legitimate (cf. *OECD* 1988: 121). More and more the VOB/FEB resented the government's approach on pay policies. The employers' criticism focused on the uniformity of the measures which were applicable across-the-board, thus ignoring differences between profitable and non-profitable companies and sectors. In addition, such is the nature of repeated statutory incomes policies that they tend to impose a squeeze on income differentials. Still, employers who are seeking a comprehensive strategy of industrial recovery that entails lasting cooperation with and commitment from the workforce cannot be interested in a recurrent decline of income differentials.

Given that the state had created different means to take decisions instead of and against the unions, the Catholic and Socialist labour confederations were inclined to make considerable concessions, if only the further limitation of collective bargaining could be halted. With their authority and competence in income policies curtailed, and industrial governance restricted by statutory legislation, the role of the Belgian labour confederations "was more and more being reduced to that of any other lobbying organisation" (cf. *EIRR* 1986b: 10). In particular, the Socialist union confederation was faced with a major questioning of its legitimacy and credibility. Since the ABVV/FGTB was not linked to any of the coalition parties its isolation from the decision making process over core labour market issues severely threatened its *raison d'être*.

During the ensuing negotiations within the National Labour Council the unions' readiness to make substantial sacrifices in order to re-establish their bargaining authority was most pronounced in the field of working time policy. The way this adjustment took place was "defensive, wavering and often contradictory" (cf. *Alaluf* 1989: 263). The signing of the first inter-industry agreements within the National Labour Council for over a decade mirrored both the constraints as well as the transformation of the Belgian system of industrial relations. The legal framework proved to be a convincing 'stick behind the door' of the CNT, and the desire to regain authority in matters of collective bargaining governed the consensual approach exhibited by the central labour market actors.

Limited and constrained as the bargaining arrangement was the *Central agreement on flexibility* and the *Framework agreement on employment promotion, minimum wages and shorter hours* — both signed in 1986 — can be understood as a successful effort to return to the traditional system of

concertation in Belgium. While the former comprised the introduction of new systems of work organisation, the latter framework contract contained a number of guiding principles focused on the commitment to unrestricted collective bargaining. Since the derogation laid down in the flexibility agreement essentially diverged from existing labour legislation, the signing parties requested the enactment of a new law on flexible working time. Consequently, the government used the terms of the National Labour Council agreement as the basis for its legal framework which was finalized in March 1987 with the *Law concerning the introduction of new working time regimes*.¹⁸

Considering the working time provisions of the two CNT agreements, the policy shift from demands for substantial hours reductions to the explicit acceptance of new systems of flexible working time organisation is noteworthy. The central framework agreement on employment and working conditions stipulated that "it shall be left to sector level negotiations to consider the *eventuality* of establishing a general average working week of 38 hours" (cf. *Blaise* 1986: 33, my italics). Concomitantly, the flexibility settlement made no reference at all to reducing the working week. The non-binding formulation of the former and the exclusion of shorter hours provisions from the latter stood in stark contrast to combining different forms of working time flexibility under the umbrella of one set of regulations (cf. *Aslin and Oyce* 1987).

Regarding the implementation procedures for new working time regimes, the CNT agreement placed decentralised bargaining within the norm-setting process of prior branch settlements. In contrast to the plant level focus of the *Hansenne working time experiments*, the flexibility agreement re-affirmed the predominance of the sector over the individual enterprise (cf. *Alaluf* 1989: 250).

In sum, both central agreements were trendsetting not so much because of their individual content which some observers interpreted as an "empty box" to be filled by different levels of concertation (cf. *EIRR* 1986b: 11). Rather, what is noteworthy about the agreements was that the parties involved returned to and managed to remain at the bargaining table, eventually producing a compromise. Considering the institutional transformation in Belgian labour relations during 1981–1987, the fact that unions and employers resumed their bargaining responsibilities and averted government intervention was by no means a matter of course.

18) The new law excluded the distribution sector. The organisation of small and independent companies – USCM – feared that through revised Sunday opening hours the competitive position of smaller independent members vis-à-vis large retail companies would diminish (cf. *De Gols* 1987: 29).

6. Conclusion

Two features emerge most forcefully from our analysis of Belgian working time policies: The dramatic labour market evolution starting in the second half of the seventies, and the breakdown of a multi-dimensional consultation system in industrial relations. *Programmation sociale* primarily fell apart because of widespread disagreement between the collective bargaining actors on a number of central policy issues. Standing out as the most prominent were the reform of wage-price indexation and the modalities concerning working time reduction. A consensus among employers and the Christian-Democratic Party singled out the automatic index linkage as the principal cause of exorbitant wage costs and diminishing competitiveness of Belgian firms. Given this construction of the problem they urged a revision of the indexation system and called for voluntary wage restraint as the order of the day.

The trade unions did precisely the opposite. The two major union confederations focused their priorities on safeguarding automatic wage indexation and rejected income limitation as a one-sided measure of economizing. Their resoluteness can be placed in the context of a specific policy dilemma. With rising inflation, relinquishing such a symbolic social achievement as automatic indexation would have been incomprehensible to their rank-and-file. Throwing the indexation system into question would have implied encouraging incomes sacrifices for which unions would have had to bear responsibility. Instead, the 'safety net' provided by the existing wage indexation system appeared more convenient than the painful search for new institutional arrangements and compromises.

Beginning in 1976 Belgian unions advocated shorter hours with explicit reference to work sharing objectives. To a significant degree such an orientation of their working time demands explains the increased level of disagreement between the collective actors. During the initial stages (1976/78) of this policy process the dominant collective actors were the unions and employers at the branch level. In a second phase the government undertook initiatives with the objective of contributing to a reconciliation of the positions of the collective bargaining organisations (1979-81). The small success of this approach ultimately fuelled the decision to directly intervene in collective bargaining affairs (1982-1986).

This periodization not only illustrates changing actor constellations concerned with the implementation of working time policies. It also reflects what compromise dimensions can be generated in situations of manifest conflict over shorter hours. During the second phase state regulation (see for instance the *De Wulf scheme*) managed to overcome employers' resistance to shorter hours. The

government provided employers with non-standardized patterns of working time organisation, while simultaneously discharging the unions from voluntary wage moderation. By contrast, the third phase reflects the transformation of the institutionalized policy making process in the Belgian system of industrial relations. During the first half of the eighties the government repeatedly intervened in the content of negotiations, deprived the bargaining organisations of their wage formation authority, and placed them under the obligation of adhering to state-monitored policy targets.

As a result, collective bargaining actors who were either ill-disposed to or refrained from voluntary self-limitation were forced into cooperation with the government's new set of policy prerogatives. Henceforth, collective bargaining became "a planned and supervised freedom of negotiations" (cf. *Smits* 1983: 195). In that respect, both the competitiveness norm and recourse to special powers could force the labour confederations into lasting cooperation with the austerity measures of the Martens Government. Since the unions had no alternative resources at their disposal, the only promising way out of these restrictions lay in the adoption of revised incomes policies and a marked adjustment of their working time demands.

This transformation process was reflected in significant changes of the bargaining agenda. In 1978 the Belgian unions could claim pole position in Europe for successfully seeking to break the 40-hour threshold. But the demand forwarded by the labour confederations during the first phase of the issue-building process, in particular the introduction of the 36-hour week, did not arise again in the central agreements worked out within the CNT in 1986.

In these circumstances, regaining bargaining authority and re-establishing their contribution to legitimate industrial governance had a price tag attached. For the provision of these essential collective goods in industrial relations the Belgian unions downgraded their shorter hours demands, and instead turned to strategies aiming at enhancing efficiency and competitiveness under the principal heading of flexibility. In that respect, the objective of the unions shifted towards getting the employers and the government to take into account the labour and social dimensions of flexibility, for instance concerning terms of employment, adjustment of working time and workplace re-organisation. Nevertheless, the general issue of flexibility is no longer put into question by the Belgian unions. While they rejected enlarged flexibility options in work organisation and working time patterns up to the mid-eighties, the *Hansenne Experiments* proved most clearly that the labour confederations were unable to prevent such measures at the plant level.

Chapter IV

France: Stepping Back Into Line

1. Introduction

The year 1968 marked a watershed in the post-war evolution of working time policies in France. Under the impact of the general strike supported by over 10 million employees, the de Gaulle Government, employers' associations and union representatives signed the *Protocole d'Accord de Grenelle*. The history of political crisis management in France dictates that under such circumstances the state seeks to introduce new forms of social concertation. Focal points of the tripartite agreement included wage increases of 10 percent, a rise of 35 percent in the minimum wage (SMIC) and greater participation rights in companies for the trade unions. In addition, the protocol included a commitment on the part of the industrial relations actors in favour of reducing working time, but did not specify its size.

A decade later the d'Estaing/Barre Government opened a series of bilateral talks with the unions and employers on the design of working time. After a three-year marathon negotiation an agreement was reached in mid-1981. But as the ink dried on the signatures of the unions' and employers' representatives a major turning-point in the politico-institutional fabric of the V. Republic was underway: the victory of President elect François Mitterrand and the subsequent formation of a coalition government between the socialist (PS) and communist (PCF) parties. Only in light of this distinct change, after 45 years a Leftist President again resided in the *Elysée*, did the inter-industry negotiations produce a compromise.

The policy of work sharing introduced by the Socialist Prime Minister, P. Mauroy, its antecedents and the various responses it evoked from the relevant labour market actors form the core of this chapter. In the analysis that follows, I highlight the complex interaction between the state and the collective bargaining organisations in the field of work sharing and illustrate how the lack of support from the latter influenced the decision of the former to jettison the objective of the 35-hour week.

The French case is particularly rich because not only do we have inter-organisational interplays but intra-organisational conflicts as well. Two structural features define the contours of the analysis. The first is the concept of *étatisme* long characterising the French state and labour relations. The singularity of French politics during the 1981–1983 period and the proven limits of national economic strategies to overcome recession and solve sustained labour market problems form the second structural element. The process account will illustrate how the policy terrain was profoundly changed during the socialists' tenure in government. This transformation was as much influenced by decisions to alter certain institutional routines of policy making in France as it was by structural constraints for which the government bore little responsibility.

The chapter is organised into three parts. First, in keeping with our definition of the multi-dimensional policy process, the dynamic in the agenda-setting, implementation and evaluation of working time policies is explored. In addition, the first section of the chapter includes a short historical digression of the legacy of previously instituted redistributive policies. Here we treat the working time policy introduced by the *Common Front* in 1936. Its legacy determined for over forty years the position of work sharing strategies on the agenda of French labour relations. Only with the socialist victory in the elections in 1981 did this situation change. The second part of the chapter analyses in detail the early Mitterrand years. The political desirability of shorter working hours then assumed top priority on the agenda of active labour market policies introduced by the Leftist Government. It is this change of prerogatives which especially interests us. By then drawing attention to the profound policy transformation under Prime Minister L. Fabius, the third part of the chapter explores further structural problems and institutional dilemmas of collective bargaining in France.

2. Interest Formation of the Labour Market Actors

The State Takes the Initiative in 1978

The timing of the government's initiative is central to understanding the inter-industry negotiations on the redesign of working hours. Directly after the RPR/UDF alliance had defeated the United Left (PS/PCF) in the General Elections in 1978, employers' associations and trade unions were 'invited' to open bilateral talks. This process replicated the logic of events in the French polity

during the 1970s. The political authority of the state was used to stimulate socio-economic change and the position of the collective bargaining organisations rested on regulations and initiatives that were shaped by the state.

The government's objectives for the bilateral talks had crystallised in the course of several official inquiries into the state of the labour market (cf. *Chalendar* 1974), the division between working time and leisure time (cf. *Labrusse* 1975) and public proclamations by President d'Estaing. During his electoral campaign d'Estaing introduced the *Charter for the Quality of Life* which sought to modernize working and living conditions of French employees. However, missing from the Charter was an explicit commitment to shorter hours. Why? D'Estaing explained that, "it would be difficult to envisage a reduction of working time in Europe if nothing comparable takes place in the US" (cf. *Chauve* 1979: 29). Furthermore, working time organisation was designated as outdated and overly rigid. The *bête noir* were the anachronistic working time legislation dating from 1936, and the traditional standardization of summer vacation in the months of July and August (cf. *Mossé* 1979). Thus, the reorganisation of working time was seen as an instrument to "correct economic dysfunctions" (cf. *Échange et Projets* 1980: 124).

A fabric of institutions had been established to reinforce the socio-economic objectives of the state. Already in 1961 the *Comité National pour l'Aménagement des horaires de Travail* (CNAT) had been founded. The CNAT's role lay in contributing expertise for the reorganisation of collective working hours in overcrowded regions. In 1966 the *Comité pour l'étude de l'Aménagement des horaires de Travail et des temps de Loisir dans la Région Parisienne* (CATRAL) was established. Its central objective was to map out new schemes for working hours, traffic streams and leisure options in the region of Paris. In addition, the Secretary for Environment and the Quality of Life founded the *Mission pour l'Aménagement du Temps* in 1976. Its mission was primarily concerned with introducing differentiated vacation schemes for the French regions. Finally, with the creation of the *Agence National pour l'Aménagement des Conditions de Travail* (ANACT) in 1978 a national agency was established which supported companies which implemented new working time schedules. In sum, such institutional innovations provided stepping stones for a strategy of state-led economic transformation, societal modernisation and (working) time organisation.

The Working Time Interests of the CNPF

The central organisation of the French *Patronat*¹, the CNPF, was the first collective bargaining association to accept the government's invitation in 1978. Such acceptance was a turn—about of the CNPF's earlier bargaining strategies. Until the mid—seventies the proprietorial response to union claims for policy innovations in the field of working hours was either professed ignorance or an unyielding 'no'. The source of such unbending positions lay in the political orientation of the CNPF. E. Maire, at the time general secretary of the socialist union CFDT, observed:

"since 1974 the CNPF has transformed itself into a *political laboratorium*. The closer we faced the presidential elections, the more the whole of the patronat's efforts were focused on a victory of the right. Negotiations with and concessions to the unions did not assume top priority" (cf. Maire 1979: 83, emphasis in the original French citation).

After the elections in 1978, with the defeat of the Leftist parties, the CNPF strategy changed considerably. The victory for the existing Conservative Government provided ample opportunities for the introduction of policies that otherwise would have been rendered insecure by electoral uncertainty. In practical terms the CNPF's bargaining demands focused on new approaches in the field of management—workers relations, flexibility of the workforce and working time innovations (cf. Sellier and Silvestre 1986: 198). The "Idea of the 2.000 Hours" became the catchphrase of the *patronat's* bargaining agenda. F. Ceyrac, president of the CNPF in 1978, explained the idea:

"I have proposed to fix yearly working time at 2.000 hours. Our present system of 40 hours a week dates back 40 years. It is not only much too rigid for the companies, but also for the employees" (cf. CNPF 1987: 2).

The CNPF's criticism of "archaic forms" of working time regulation in the French labour market suggested a far—reaching revision of existing rules and regulations. Its catalogue of propositions included the introduction of yearly working time schemes, overtime work with reduced permission procedures, week—end working, enlargement of female night—working and specific bonus—pay-

1) The term *Patronat* as the collectivity of all the individual *Patrons* originally derives from guardian angel, head of family. It is therefore not easily comparable with *entrepreneur*, employer or even head of enterprise.

ments for continuous presence at work. Notably, the reduction of weekly working time was excluded from the *patronat's* bargaining agenda. Ceyrac underlined that, "a systematic reduction of working time would be fatal for the whole of our economy and an inefficient tool to overcome unemployment" (cf. *Chauve* 1978: 8).

Bargaining Positions of the Trade Unions

When the inter-industry negotiations on the redesign of working time commenced, the French Patronat faced five *representative*² unions at the other side of the bargaining table. CGT, CFDT, FO, CGC and CFTC represented a union pluralism which was unique in Western Europe. Such pluralism reflected widespread organisational fragmentation and was characterised by long-standing ideological differences between the five unions. Rivalry between the labour confederations forebode that a common bargaining strategy would be difficult to establish. Hence, the chances of reaching a compromise between the CNPF and all unions were rather low. In this section we shall focus on three representative unions in terms of their individual bargaining positions. CGT, CFDT and FO represent the three leading labour confederations judged according to votes and union membership. They thus provide a telling illustration of specific union configurations within the French industrial relations system. In comparison to the 'big three', the CFTC and CGC are rather particularistic interest organisations. In fact, they rely on the other three unions for rank-and-file mobilisation and lack enforcement resources in collective bargaining.

The CGT and its Strategy

While all unions shared the objective of cutting working hours they diverged on how to achieve it. Only the CGT enumerated its sought-for reduction of working time: the industry-wide implementation of the 38-hour week "in the foreseeable future". Full wage compensation for the hours

2) The legal status of a *representative* bargaining organisation is attributed by government decree and gives the organisations the right to negotiate and sign inter-industry agreements.

reduction was a non—negotiable issue (cf. *Chauve* 1978: 10). CGT bargaining priorities corresponded with the interests of its constituency. Reflecting its history as a communist class organisation whose social base is rooted in the manufacturing industries, the CGT pursued a strategy of general and selective working time reduction. General because it defines itself as the leading and most resolute representative of the working class. A selective strategy was also in play because shorter hours were to benefit shift workers in traditional industrial sectors (for instance employees with "aggravated working conditions" in engineering, steel, and transport industries, cf. *Sellier and Silvestre* 1986: 179).

The particularistic bargaining priorities of the CGT are rendered more comprehensible when looking at the approach the union took towards overtime working. In contrast to the CFDT which placed central importance in this issue, the CGT "was rather reluctant" to do anything against overtime working (cf. *Barou and Rigaudiat* 1983: 103). This position reflected the CGT's loyalty to groups of members in low income jobs. A cut in overtime levels would have meant a sacrifice of much—needed additional income for such workers. Hence, the CGT did not want to overtask these workers by supporting wage restraint and a reduction of overtime.

However, the promotion of these objectives was subject to a precondition which dominated all CGT strategies from 1975 onwards: under the heading of "*Union, Action, Programme commun*" all organisational energies were concentrated on a victory for the Left in the legislative elections in 1978. The *Common Program* between PCF and PS had been signed in 1972. Henceforth, political mobilisation in favour of the *Union de la Gauche* became the overriding objective of the CGT. Thus, the CGT diverted all union resources towards politics and expected lasting solutions of the economic crisis through the victory of the Left and the subsequent implementation of the *Programme Commun*.

The Strategy of the CFDT

The CFDT's bargaining strategy also has to be placed in its political context. After the electoral defeat of the Unified Left the second largest French union initiated a significant shift of policy priorities. Under the heading of *recentrage* the CFDT sought to reclaim collective action instead of subordinating union policies to political mobilisation for a left victory in the legislative elections of 1978. *Recentrage* was defined as rebuilding union power at the plant level, and sought a new approach in collective bargaining. Developing solutions for growing labour market problems instead

of identification with political parties of the Left became the new order of the day. In practice, the policy shift led to the subsequent termination of the CGT-CFDT unity-in-action platform which had been established in 1974.

The inter-industry negotiations on the redesign of working time were to be a first test of the intra-confederal acceptance of *recentrage*. The central demand of the CFDT consisted of the phased introduction of the effective 40-hour week. In addition, under the heading of *Temps libre pour vivre mieux* the CFDT called for a substantial reduction in working time through the limitation of overtime. Compared to the CGT demand for the 38-hour week the CFDT claim seemed rather modest. The implementation of the 35-hour week in one step and only in France was considered as unrealistic. Conscious of France's growing vulnerability to external economic shocks, Maire warned against a French isolation in working time policies. Thus, the CFDT placed strong emphasis on a European-wide union coordination of working time policies. By contrast, such a transnational harmonisation of policies did not figure among the CGT's priorities (cf. *Chauve* 1979: 26).

It is further noteworthy that the CFDT publicly acknowledged that "working time reduction is not a collective demand supported by the majority of the workers" (cf. *Salies-Cours* 1988: 371). By contrast, the CFDT was forced by its rank-and-file to elaborate a concept of flexible working time which sought to reconcile different preference patterns within the workforce. The CFDT's preparedness to draft such a concept stemmed from the articulated interests of the rank-and-file for a greater say in the determination of *chronometrical* and *chronological*³ dimensions of working hours. The CFDT-sections in service industries and the public sector were especially vocal about this concern. Therefore, the CFDT was confronted with a twofold problem: the introduction of flexible working time schemes by the employers, and the articulation of different working time preferences by employees and CFDT members. While the former were subject to increasing criticism, the latter proved difficult to amalgamate into a single demand. As one union official recalled:

"We were all fully surprised by the strong demand for variable working time arrangements by the employees. The Patronat took advantage of this claim and popularized its own flexibility catalogue as being employee oriented. We were therefore forced to modify our position on flexible hours. We had to make it clear that we would not strictly reject such options, but renegotiate them by presenting our own concept of union controlled flexibility" (cf. *Int. CFDT*).

3) While the former refers to the *length*, the latter focuses on the *order* of time.

In order to prevent the *Patronat* from unilaterally defining the modalities of temporal flexibility, the CFDT developed a concept of its own which included yearly working time schedules and the promotion of part-time work (cf. *Maire* 1980).

The Strategy of the CGT-FO

The desire for the aforementioned European coordination of working time strategies was shared between the CFDT and FO. The latter voiced its acceptance of a phased introduction of the 35-hour week on the condition that "the realisation includes a parallel and joint development in the other Western European countries" (cf. *FO* 1984: 169). Yet, parallels were also apparent between CGT and FO in their respective working time demands. Like the CGT, *Force Ouvrière* rejected an individualisation of working hours and strongly opposed the introduction of yearly working time arrangements. In particular, the FO concentrated its demands on the introduction of the fifth week of holidays (cf. *Échange et Projets* 1980: 173).

Such bargaining priorities were articulated in terms of defending the principle of collective bargaining agreements and realising the inter-industry standardisation of working time conditions. This double emphasis leads us to a central characteristic of FO. It largely defines itself by the principle of union autonomy from political parties, in particular from parties linked to the labour movement. As *Jansen et al.* (1986: 31) have noted, FO is the "organised expression of a negative demarcation from the PCF".

Within the French industrial relations system FO has always considered itself as a *contractual* union. Accordingly, collective bargaining results are its *raison d'être*. Given this self-definition FO established itself as the privileged social partner of the French *Patronat* and the state during the 1970s. If we consider the membership structure of FO, a further characteristic is revealed. The core of its rank-and-file is drawn from the public services and the nationalised enterprises. Its recruiting success in both fields was impressive. FO membership increased by 30 percent between 1975 and 1980, reaching approximately 900.000 members (cf. *Le Monde* 25.01.1989 and *Adam* 1983: 42). This increase is contrasted by the fact that FO is only weakly organised in manufacturing industries. Hence, FO lacks mobilization resources during inter-industry negotiations. This deficiency is partly compensated for by 'free-riding' on the organisational capacities of CGT and CFDT.

3. Structures of and Background to Collective Bargaining in France

As will be clear from the previous parts, elaborating a compromise between the flexibility interests of the employers, the divergent reduction demands of the unions and the working time interests of the government was akin to the task of squaring a circle. Economic factors, like the increase of inflation and the worsening of the labour market situation, added to the existing difficulties. The national unemployment rate which had reached 4.0 percent in 1975 surpassed 7 percent in 1980, while annual price inflation averaged 10.5 percent between 1976 and 1980. But the decisive factor explaining the negotiation marathon was explicit political considerations on the part of the bargaining organisations. Not only did the looming 1981 presidential elections increasingly shape political controversies, they also haunted the decision-making process of the labour market actors. A possible victory of the most promising leftist presidential candidate, F. Mitterrand (PS), increasingly became a working hypothesis for all parties involved. This political consideration was even more present in the minds of the leftist unions.

Mindful of the political partisanship of industrial relations actors we can identify three central structural elements of the politico-institutional arrangement of France. First, there is the extent to which the state can orchestrate collective bargaining. The prominence of state intervention in matters otherwise reserved for collective bargaining reflects the *etatist* tradition in French politics. Usually associated with France, *etatism* concerns the capacity of the state as a cohesive unit to implement policy, if necessary, even over the objections of key social groups. With regard to labour relations *etatism* expresses itself through a government that either encourages negotiations or expresses a public interest in their conclusion. As one of the participants in the bilateral talks on the redesign of working time recalls,

"The majority of negotiations on a national level are suggested by a government initiative, either because legislative or presidential elections are forthcoming, have just taken place, or because the Prime Minister has changed while the President remains in office" (cf. *Int. CNPF*).

Furthermore, the incapacity of organisations to reach a compromise before such elections serves to demonstrate how negotiations are regularly overtaken by evolving electoral campaigns. While negotiating in a condition of pre-electoral mobilization in the lead-up to the 1981 presidential elections, the collective organisations oriented their bargaining positions according to the political calendar. Correspondingly, the labour market actors contributed to a *political moratorium* and the

industrial relations system ground to a halt. The dependency of centralized collective bargaining on political cycles is a direct product of the institutional core of the fifth's Republic constitutional design. Within this framework the executive is preponderant.

Finally, the constitution emphasises the extraordinary powerful position of the President as the head of the executive. The closer presidential elections are the more they tend to take front stage of political life in the V. Republic. Hence, there can be a 'freeze' of ongoing negotiations thus placing on hold a possible compromise until after the outcome of the elections. In other words, "it has long been traditional for French unions to moderate labour market activity in preelectoral periods (and) divert union energies towards politics" (cf. Lange et al. 1982: 53). The consequences of this moderation directly affect the *modus operandi* of the French industrial relations system.

Such politics—induced standstills in collective bargaining help in explaining why central negotiations can be so time consuming in France. Their over—long duration further draws attention to a third structural feature relevant to the French industrial relations system: legally the degree of institutionalization and the framework governing the procedure of negotiations and compromise formation are weakly formalised. Given this regulatory lacunae the timing, evolution and compromise opportunities of central negotiations are guided by the 'invisible hand' of the third actor. Although the state is not directly represented at the bargaining table, it casts a long shadow.

Here we touch on a key structural feature of industrial relations in France. In light of its political alignment, collective bargaining is subject to a continuous politicisation. In practice, the state is made the prime address of and regulatory institution for associational politics. One or a combination of these factors may contribute to labour market actors relying on the state to settle associational politics, thereby aiding and abetting the politicalization of collective bargaining. Besides, since the collective bargaining framework is underinstitutionalized in legal terms the outcome of negotiations is determined by the prevailing balance of political power.

During the 1981 electoral campaign working time issues were subject to intense politicisation when the leftist presidential candidate Mitterrand announced that the objective of the 35—hour week would constitute a central element of his labour market policies. By publicly advocating legal working time innovations the resolution of the controversial issue was effectively postponed until after the elections. While CGT and CFDT hoped that the French Left would achieve political power and then introduce new legislation, the CNPF could not expect promising outcomes from such a scenario.

Since Mitterrand's propositions shared many objectives with the working time policy of L. Blum's *Common Front*, we shall briefly focus on this historical legacy. In 1936 like at the beginning of the 1980s working time reduction was constructed as an anti—crisis policy under the heading of work sharing. Identifying similarities and variations of both will help us to see the options and constraints of a state—induced working time policy.

4. The Historical Legacy of the *Front Populaire* in 1936

Of all the reforms which the *Front Populaire*⁴ introduced during its short term in office one clearly stands out as the most controversial: the legal establishment of the 40-hour week. In order to better understand motives and interests of Blum's working time policy, and the conflicts it created, one has to take the then political situation of France into consideration. After the *Front Populaire* won the national elections France experienced the largest strike movement it had hitherto witnessed. Partly due to the hopes awakened by the victorious Front, partly as a spontaneous expression of a working class reaching power, a wave of strikes and company occupations began. Furthermore, the electoral victory of the *Front Populaire* and the mass mobilisation contributed to an unprecedented rise in membership of the organized French labour movement⁵. Between 1936 and 1937 membership in the CGT grew from less than a million to over 5.3 million! In only one year the CGT became the accepted and unified⁶ representative of the French working class.

Within organised labour the demand for a general working time reduction accompanied by full wage compensation was at the top of their bargaining agenda since 1931. But no progress was made until 1936. Shortly after taking office the Blum Government introduced new legislation on working time and collective bargaining provisions. The intervention in favour of active labour market policies had many parallels with President Roosevelt's policy in the United States. Blum was, as *Hentschel* (1984: 76) recalls, "an almost emphatic admirer of Roosevelt and explicitly saw his reforms as a French variant of the New Deal". Focal points of the new legislation were:

- Implementation of the second week of paid holidays;

4) Led by Prime Minister Léon Blum, the Common Front was in office from June 1936 to April 1938.

5) For the constitutive formation of the French labour movement see *Pruss—Kaddatz* (1982). Regarding the organisational history of the French trade union structures between 1900 and 1945 see *Jansen et al.* (1986: 15ff.).

6) In March 1936 the socialist CGT and the CGTU united into the CGT. Overcoming organisational and political fragmentation followed the creation of the electoral *Front Populaire* alliance (SFIO, PCF and Radical Party).

- establishment of the 40—hour week with full wage compensation;
- introduction of obligatory collective bargaining between employers and trade unions.

In contrast to the working time legislation of 1919 when the eight—hour day was introduced Blum's reform was to be implemented without any compromise provisions. Only on these grounds did the *Front Populaire* expect that its primary objective — reducing unemployment — could be reached most lastingly. Hence, after six months of implementation one—third of the industrial labour force was affected by the new regulation. After one year in office the 40—hour week was implemented throughout French industry and had become the symbol of the social policy legislation introduced by the *Front Populaire* (cf. *Kindleberger* 1973: 265).

With the substantial wage increases and the full wage compensation for the working time reduction, industrial workers were able to avoid income losses. But otherwise significant distributional effects were apparent. Because of inflationary consequences deriving from the legislation purchasing power of pensioners, large parts of the agricultural population and white collar employees decreased (cf. *Kalecki* 1938: 35).

While the reform was vigorously defended by the majority of the working class, it gained a symbolic importance for the employers who repeatedly criticised, resisted, and even sabotaged the legislation (cf. *Sauvy* 1967: 302). With restricted flexibility options and a compulsion to reduce the working week within short time limits, companies had to mobilise an adaptation capacity which was unsustainable for many, in particular those in export oriented sectors. Hence, between March 1937 and May 1938 production fell by 13 percent, and reached only an index volume of 82 percent of the 1929 performance (cf. *Hinrichs* 1988: 90).

Unemployment was profoundly affected in the short—term: whereas in July 1936 registered unemployment had reached 20.800 persons, it had fallen to 307.500 (—113.300) by September 1937. However, the decline of unemployment cannot exclusively be credited to the reform. During 1937 unemployment also fell significantly in other Western European countries, but without state—induced working time policies, as for instance in Britain and Hitler's Germany (cf. *Weir* 1989: 53ff.; *James* 1989: 231ff.). While the hours legislation was able to create an additional employment impulse during its initial stages, it eventually proved counter—intentional the more the whole of industry had to implement the legislation without leeway (cf. *Marjolin* 1938: 185).

What can we learn from the working time reform of 1936? The controversies provoked by the legislation, and its politically motivated implementation by the *Front Populaire* had lasting consequences for the re—entry of work sharing demands onto the agenda of labour market policies in France. While the legal principle was maintained by subsequent governments in order to keep the

peace in industrial relations⁷, in practice the realisation of the 40-hour week never surfaced again on the agenda (cf. *Kindleberger* 1973: 266).

The implementation process further illustrates how controversial work sharing strategies are when they (i) ignore the need for cooperation by auxiliary social organisations during their introduction, (ii) underestimate structural features of unemployment and production patterns, (iii) and explicitly aim at transforming the politico-institutional balance of power between capital and labour. Finally, the historic legacy of the Blum reform applies especially to the leftist parties and trade unions. After the *Libération* in 1945 they strongly defended the symbolic importance of the law but did not undertake any effort to bring it back on the political agenda. For over forty years legal working time reduction remained a distinctive non-issue.

5. The Early Mitterrand Years: Keynesianism à la Mode Française

The Context

With Mitterrand's victory in the presidential elections of May 1981 a Leftist Government consisting of a coalition between PS and PCF took office after 23 years of uninterrupted conservative rule. The importance attributed by the Socialist Government to active labour market policies set it widely apart from its conservative predecessor — a new era was underway. The macro-economic policies adopted had a Keynesian calibre. In combination with selective structural policies that were designed to have enduring effects on the labour market, the reflation programme was a major shift from the d'Estaing/Barre Government. Upon submitting this programme package to the newly elected *Assemblée Nationale* in July 1981, the Socialist Prime Minister Pierre Mauroy defined the intentions of the government as follows:

"We are primarily seeking to make France a country in which everybody can work. This constitutes the central objective of the economic policy which I shall propose to you. In light of the current employment crisis we want to bring France back to work" (*remettre la France au travail*).

7) Even the *Vichy Regime* did not dare abolish the reform of 1936.

In order to place this policy initiative in its proper context it is first necessary to outline the core elements of Mitterrand's macro-economic policy. Given the partnership between active labour market policies and macro-economic policies, the latter's performance had immediate consequences for the success or failure of the former.

The Reflation Programme

Under the heading of *Politique de Relance* the Keynesian programme concentrated on reducing foreign trade constraints, reflation economic growth and gradually stimulating aggregate demand. In order to establish confidence in the government's economic policy the programme underscored concern for the EC-trading partners. Thus, protectionist measures sought by the PCF, CGT and the CERES-faction⁸ within the PS were rejected by the Finance Minister J. Delors (cf. *Uterwedde* 1988: 142ff.). In political terms, the moderate approach was based on the singularity of France in 1981 when four members of the PCF became ministers⁹ of the Mauroy cabinet. Against this background, the government had an interest in demonstrating its credibility.

"This cautious path was the direct result of the government adopting a low profile as regards foreign trade and international policy in order to avoid any outright rejection of the first socialist-communist government in a large western country since the early post-war years" (cf. *Petit* 1986: 393).

Moderation in macro-economic policy making was reinforced by taking a low-profile on reflation demand. This target included increasing the SMIC¹⁰ by 10 percent in July 1981 and raising various welfare provisions. By and large the emphasis of these measures was placed on redistributing income towards the elderly, the poor and low income sectors of French society. Thus, the government stressed that increasing overall household consumption was not its intention. Accordingly, the administration's incomes policy in the public sector was concentrated on avoiding inflationary consequences.

8) A marxist oriented faction within the PS which was represented by J.-P. Chevènement.

9) The four PCF-members in Mauroy's cabinet were Charles Fiterman for transport, Anicet le Pors as special envoy for reforming the civil service, Jacques Ralite received the health portfolio and Marcel Rigout was named Minister for adult education.

Keeping public sector wages down was largely influenced by the costs deriving from the job creation schemes implemented in the public sector (180.000 new jobs in 1981–82 alone, cf. *Fonteneau and Muet* 1985: 109). In addition, wage rises were seen as institutionally risk-prone. Since 1946 the system of income formation for public sector employees had been so interlocked that each increase for one group promptly triggered—off a chain reaction. To circumvent such a snow-ball effect was a central concern of the new government. In practice, the government's commitment contributed to the *fall* of real income of public sector employees in 1982 by 0.6 percent (cf. *Petit* 1986: 394).¹¹

Nevertheless, the decision in favour of Keynesian reflation strategies carried the risk of considerable budget and balance of payments deficits preceding the intended positive effects on investment and growth. This risk was merited by the expectation that short-term economic growth was just around the corner. This faith was based on the central, but in the event seriously mistaken, expectation¹² of Mitterrand that the world economy was about to undergo a marked recovery. Implementing reflation policies also had to take into consideration when and in what economic environment the programme was undertaken. Just when the Socialist Government decided to favour Keynesian reflation most OECD—countries

"were adhering to the very different kind of strategy for the medium term that took shape around 1980 in the wake of the second oil price shock, and which emphasized control of inflation, budgetary rigour and market-oriented initiatives to improve the functioning of economies...From the viewpoint of the French authorities the episode constituted an acute dilemma situation, arising from goals and policies which were largely *out of step* with those of their major trading partners" (cf. *OECD* 1988: 11–12, my italics).

When comparing macro-economic *politique de relance* and active labour market policies, it becomes apparent that they were each subject to very different time perspectives. Even where rapid employment gains materialised, for instance through the public sector job creation scheme and the

10) The SMIC increase was even supported by the conservative opposition parties UDF/RPR (cf. *Delors* 1984: 114).

11) For a general overview of the reflation programme see *Fonteneau and Muet* (1985: 102ff.); *Hall* (1986: 193ff.).

12) In Keynesian terms this is nothing extraordinary. Keynes' line of argument in the *General Theory* (1936) relied heavily on the influence of expectations, the 'feeling' among policy makers that conditions would improve, and could be influenced by politics.

government's early retirement policies, the overall emphasis was put on a multi-year project of confronting the labour market crisis. As its central element the project included the *March towards the 35-hour week* (*Marche aux 35 heures*). Its successful conclusion was timed for 1985; yet without any reference to harmonisation with other EC countries. In short, Keynesian budgetary policies in partnership with active labour market policies constituted a test case as to how sufficiently coordinated and compatible both were. The programmes were inter-related not only in the sense that all the elements were implemented simultaneously, but also in that they each had to work.

Objectives of the State – Induced Working Time Policy

As part of a multi-dimensional active labour market policy, *working time reduction* was supplemented by measures introducing early retirement, part-time employment and public sector job creation schemes. This catalogue was based on calculations that in the absence of structural policies yearly economic growth would have to reach 5 percent in order to stem the continuing rise of unemployment. Likewise, labour force participation trends indicated that over 800.000 new entrants into the labour market were registered between 1976 and 1983 (cf. *Barou and Rigaudiat* 1983: 15).

Working time reduction had a two-fold appeal. First, unlike his predecessor, the Socialist Prime Minister valued working time reduction as a means "to change life" by establishing a better balance between working and leisure time (for instance reduced working hours, prolonged holidays and early retirement). In addition, the "march towards the 35-hour week" represented a "privileged" avenue for regaining full employment via "work sharing" (*partage du travail*). During his inaugural address in July 1981 Mauroy lifted the objective of the 35-hour week to the plane of a war target:

"The war we are fighting against unemployment shall not be won without a *strong reduction* of working time...Cutting working hours constitutes *by far the most effective* measure against unemployment...It will only promote new employment if and when we *really achieve* the 35-hour week in 1985" (my italics).

As ambitious as the battle plan appeared, it was nonetheless based on a precarious point of departure. In France effective yearly working time was reduced by 15 percent in the period 1960 to 1980. This curtailment took place in an economy that was growing at the rate of 5 percent a year. By contrast, the 35-hour week objective and the introduction of the fifth week of paid leave,

representing the same magnitude of reduction, were to be achieved within five years and in the context of an economy which would grow at a rate of 2 percent on the most optimistic assumptions (cf. *Thierry* 1982: 143).

Regarding the implementation of the "focal point" of the labour market programme, Mauroy stressed the willingness to reach a negotiated compromise with the relevant labour market actors. The prevailing ideology held that the realisation of work sharing should not result from a uniform and generalised decision of the state. Thus, prior to governmental initiatives the reduction process had to be the outcome of capital-labour negotiations and should mirror sectoral diversity. Finally, the redistribution of income, as Mauroy claimed, was to be "equivalent to the amount of work sharing" (cf. *Lévi* 1984: 15). In short, the government was interested in expanding contractualism, therefore reactivating the inter-industry negotiations and encouraging the conclusion of a collective bargaining agreement before it would implement legal measures of its own.

What had not been possible to compromise on during the three year negotiation marathon proved manageable in the aftermath of the change of power. Following proclamations by the Leftist Government to make working time policy a central reform project, and in the wake of a tripartite discussion round initiated by Mauroy, the *Protocole sur la Durée du Travail* was signed on July 17, 1981. Central points of the contract were:

- Generalised introduction of the fifth week of holidays;
- Reduction of weekly working time to 39 hours. Branches could implement other margins, either by introducing yearly working time schemes, or by going below the new hours norm;
- Establishment of flexible yearly overtime schemes;
- Branch negotiations were to reach agreement on the issue of wage compensation.

Except for the CGT, all unions signed the agreement. On the employers' side the association of small and medium sized firms (CGPME) disapproved of the settlement. If we recall the working time positions of the labour market actors mentioned earlier, we can understand the refusal of the CGT and the willingness of the CNPF to sign the protocol. The two organisations had very different interpretations of the inauguration of a Leftist Government in France. The CGT saw the agreement as a failure on the volume of working time reduction, and as a breakthrough for employers regarding the flexibility and branch-related deviation provisions.

But such an assessment of the CGT's position would underestimate the collective bargaining dynamic which the most influential French union faced in mid-1981. For the confederation the

opportunity for sustained changes in labour relations seemed exceptional: the conservative parties had lost the elections and four communist ministers were ensconced in the Mauroy cabinet which had drawn up the new working time regulations. Accordingly, the strategy of the CGT was concentrated on milking further these favourable political conditions.

The approach of the CNPF was of a different nature. The employers' association opted for an agreement which would give the branches sufficient leeway, and simultaneously predetermine the working time legislation of the Mauroy Government. At a time when the political balance of power was shifting, an early compromise would have been less cumbersome for the CNPF. Given these strategic considerations within the strongest employers' association it may come as a surprise that the two interest organisations of the small and medium sized patrons (CGPME and SNPMI)¹³ did not approve the agreement. The employers' strategy of compromise on the one side and rejection on the other becomes comprehensible when a major structural property of French employers' organisations is taken into consideration. The central interest organisations of French employers have a limited range of power in the field of collective bargaining. Most prominent is the fact that the CNPF can only fix minimum wage rates with the unions, while the determination of nominal and real wage developments is reserved for the branch representatives and company negotiators.

The Decree Introducing the 39—Hour Week

On numerous occasions during his presidential campaign Mitterrand had emphasised that, if elected, he would "break the barrier of the 40—hour week". In early 1982 he followed through on this and introduced new working time legislation by decree. With this the government acknowledged the need to deal with the labour market problems at a rapid pace. However, the first step towards the 35—hour week not only brought the government into opposition with the reluctant employers. Mauroy also faced criticism from the unions, the employees and from within his own administration. The nub of the issue was to what extent work sharing implied income sharing.

13) In November 1981 the SNPMI received recognition as a representative employers' association. The decision by the Leftist Government broadened the by—partism of the *syndicalisme patronale* with a third actor, therefore enlarging the representational pluralism of the employers.

In theory, the government decree stipulated that wage compensation was to be graded according to levels of income. This objective was in line with the *Plan Intérimaire* which documented the economic and social policy priorities of the Leftist Government for 1981–82. Within certain limits working time reduction was regarded as being compatible with "maintaining" or "slightly" increasing the purchasing power of employees (cf. *Commissariat Général du Plan* 1982: 85).

Notably the Secretary of Employment Jean Auroux emphasised that it would be "desirable" if the question of wage compensation was linked to both the amount of working time reduction and the configuration of individual income groups. As Auroux claimed, "one cannot simultaneously demand more leisure and more income. *Whoever promises such a thing betrays the people*" (cf. *Der Spiegel* 1982: 122, italics added). As maintained by the Minister of Labour, the answer to who pays the bill for work sharing should reside within the (working) class through income sharing in one form or other. In practice, recipients of the minimum wage SMIC and public sector employees were guaranteed full wage compensation for the hours cut. Regarding wage compensation for private sector employees, the decree deferred to the negotiation autonomy of the collective bargaining organisations.

But it quickly became apparent that on the "vast economic and political construction site" — as the CGT General Secretary Henri Krasucki described the reform project of the coalition government — the regulation of income sharing was the wrong test case for proving unions' support for Mauroy's labour market policies. The government's decision to leave the regulation of wage compensation to autonomous negotiations quickly triggered — off a wave of social conflict. Wild-cat strikes ensued, and except for the CFDT, all other unions called for an early clarification by the new government. Mitterrand, aware of the mobilisation capacities of the CGT and keen to avoid widespread industrial militancy during his first months in office, intervened and announced that "no worker has to fear for his purchasing power on account of implementing the 39-hour week" (cf. *Le Monde* 12.02.1982).

Mitterrand's intervention ended the industrial dispute, thus overruling his Employment Secretary's proclamations. Hence, the regulation of wage compensation did not result from a negotiated compromise. It was rather the outcome of a generalising political declaration by the Republic's President. In that respect, the major trade-off question between work sharing and income sharing was unilaterally decided in favour of abstaining from the latter. Likewise, the February strikes signalled a sustained setback for what had been coined the *Socialisme à la Française* policy model: to establish a negotiative partnership between the government, the Patronat and the unions. *Etatisme à la mode française* reared its head yet again.

The CGT voiced its opinion that Mitterrand's decision was "a step in the right direction", and the FO articulated "satisfaction". Through the presidential fiat both labour confederations were discharged from the task of internally popularizing a compromise in favour of voluntary wage moderation. It was the CFDT which reminded the Leftist Government of the fact that, avoiding to set the conditions for income and working time redistribution *within* the workforce would subsequently jeopardise the employment objective, and — given the precedent — most likely impede further reduction steps.

"Unfortunately the emphasis is not put on employment...The President's declaration focuses unilaterally on purchasing power. It will henceforth be difficult to mobilize workers for the creation of new jobs. If one wants to generate new employment opportunities, then we have to touch upon the high salaries" (cf. *Le Monde* 13.02.1982).

The Implementation of the Working Time Decree

Only after the government's intervention did an intensive process of collective bargaining emerge. Yet, these negotiations were prejudged with regard to their compromise options. By and large the dynamic implementation at the branch level concerned the adoption of the governmental decree. Only 9 percent of industrial employees and less than 6 percent in commerce received partial wage compensation (cf. *Marchand et al.* 1983: 9). Deviations from the standard agreements only occurred in the engineering and chemical industries. In the latter the 38-hour week was introduced while the former reached agreement on the 38.5 hour week.

In both cases wage compensation above the revised legal hours norm was limited: in the chemical industries 66 percent and in engineering 70 percent. Looking at the general pattern of implementation we can conclude that where small steps in working time reduction were agreed upon, full wage compensation was not a matter of controversy. But more extensive reductions were only attainable when (some) unions made concessions on the issue of wage compensation.

The implementation of the hours reduction made considerable headway during 1982. By January 1983 over 73 percent of the gainfully employed in industry and 86 percent of white-collar employees worked *less* than 40 hours a week. A year earlier the proportion was only 8.4 for the former and 12.9 percent for the latter (cf. *Fonteneau and Muet* 1985: 239). On an average scale the reduction process led to an almost complete matching of effective (39.3) and legal (39) working

time duration by mid-1983. In sum, while the implementation of the 39-hour week did not cause major problems once the issue of wage compensation had been decided upon, the ordinance did not trigger – off a process of reducing working time which surpassed the statutory provisions.

While effective working time was dropping during the first half of 1982 official surveys investigating the response of firms to the hours' reduction reported widespread productivity-enhancing innovations, especially in larger companies. On a macro-economic scale, the labour input (in hours) fell by 2.7 percent and output (in terms of value added) increased by 1.5 percent in 1982. Furthermore, the statistical review reported that hourly productivity rose by 6 percent in 1982, compared with 2 percent in 1980 and 1981 (cf. *White* 1987: 15).

Compensating for the introduction of the 39-hour week were productivity measures which derived from the second – often underestimated – focal point of the government's decree of January 1982. The field of working time reorganisation reflected Mauroy's compromise between reduction claims stemming from the unions and flexibility demands which the employers advocated. While the decree largely adhered to the reduction elements in the negotiation protocol, it introduced new options of temporal flexibility for firms. Most notably, the flexibility provisions included:

- the introduction of week-end working. If such shifts were limited to Saturdays and Sundays, they could extend to 12 hours a day,
- deviations from collective working time settlements. Firms could introduce individualised working time schemes 'à la carte'.

The central analytical issue now is how the ensemble of flexibility options, small steps in working time reduction and state-induced wage regulation affected the government's central objective for the work sharing project: achieving job creation through working time reduction. Macro-economic simulations carried out by the French Planning Office (cf. *Commissariat Général du Plan* 1984: 253ff.) had suggested that a phased reduction of working time (the so-called *Marche d'Escalier*) could yield more than 84.000 new jobs in the first year, followed by 130.000 in the second.

On the basis of an official survey directed by the statistical institute (INSEE) 26 per cent of all industrial firms interviewed claimed that they had carried out additional recruitments as a result of the reduction of working time in 1982. Another 11 percent maintained that they had preferred *temporary* employment contracts. The INSEE evaluation of the effectiveness of employment performance read that it was "pretty small...a span of 10.000 to 20.000 new employment relationships have been created in industry, and about 4.000 to 8.000 in commerce" (cf. *Marchand et al.* 1983: 11).

The INSEE—analysis promptly triggered—off a lively debate on its applied method of measurement and the conclusions drawn from the empirical findings. Enlarging the scope of analysis to all branches (except for agriculture) was the approach taken in the study of *Frank and Tregoat* (1983). Since the government's working time policy was multi—dimensional the authors also considered the outcomes resulting from the generalisation of the fifth week of holidays. On the grounds of this enlarged empirical basis, the authors extrapolated employment effects reaching 66.000 jobs in 1982. These jobs were either newly created or claimed to be prevented redundancies (cf. *ibid.*: 23). Proportionately differentiated, 60 percent of the employment effect derived from the industrial sectors (mainly called—off dismissals), and 40 percent were attributed to the services sectors (mostly recruited new employees).

All things considered, the balance sheet of the first reduction step could be said to be mediocre. Notwithstanding the fact that the evaluations differed in their methodological approaches and used diverging criteria of employment outcomes, they nevertheless shared the conclusion that the results were *below* the numbers anticipated by macro—economic calculations. But not only were the blueprints obviously erroneous: the published analysis also ran counter to the government's proclamation that the strategy to reduce working time would be the *most* effective weapon against unemployment. *Fonteneau and Muet* (1985: 246) identify a conversion ratio of 1/5 of the hours reduction which fostered new jobs or prevented redundancies. The rest of the impact of shorter working hours was offset by productivity improvements, making use of flexibility measures and restructuring work practices of firms (for instance, staggered working schemes to cover meal periods).

Henceforth, public discussion on the prospects and adequacy of working time policy was decisively influenced by the rather disillusioning findings concerning its work sharing potential. How the labour market actors reacted to these findings, and how they evaluated their own implementation experiences, shall be considered in a moment. First, to follow this through further, we must turn to the second cornerstone of the government's working time policy: the so—called 'solidarity contracts — early retirement'.

Solidarity Contracts — Early Retirement

The official results published by INSEE of the implementation of the 39—hour week contrasted sharply with the exceptional success of the 'solidarity contracts — early retirement' (*contrat de solidarité — préretraite*) introduced in January 1982. The early retirement schemes allowed employ-

ees from 55 years onwards to retire on 70 percent of their salary before reaching the legal retirement age of 60 years. The core idea of such a solidarity contract was that for each employee going into early retirement firms had to recruit an unemployed person.

At first glance, in distributive terms the contracts were a great success, even outstanding in 1982–83. More than 53,000 early retirement contracts were registered in the first year of implementation, and their number more than doubled (148,000) in 1983. As various evaluations showed, a replacement ratio of 1:1 was generally attained. But when scrutinized more closely, the balance sheet had quite a different slant. The new recruitment only partly affected the unemployment ranks, 8,000 jobless were recruited in 1982 and over 66,000 a year later (cf. *Bernard–Bouillaguet* (1987: 73) .

Redistributing employment through early retirement schemes was essentially easier to implement, and less conflict prone between unions and employers than the introduction of the 39–hour week. But even if the 1:1 ratio was reached it has to be borne in mind that the solidarity contracts created no additional jobs. Their remarkable success rather underlined that the Mauroy Government aimed at influencing labour force participation through the social treatment of unemployment. Such an approach contributed to significantly reduce labour force participation of older employees, but simultaneously reinforced labour market segmentation (cf. *Petit* 1986: 402).

The more the solidarity contracts grew in quantitative terms the more they led to serious side-effects. By the fall of 1982 massive financial burdens were apparent for the two institutions which bore the costs: the budgets of the Secretary of Labour and of the unemployment insurance system (UNEDIC). While the former repeatedly had to adjust its contributions, the latter spent over 45 percent of its resources in 1982 on the early retirement schemes (cf. *Kroker and Daraspe* 1983: 40). In particular the long-term costs for the UNEDIC – only after reaching the official retirement age did the costs shift to the pension insurance system – made it necessary for the Leftist Government to pull the emergency brakes. In December 1983 the dictate of empty coffers obliged policy makers to stop the popular early retirement programme.

The decision was significant for two reasons: (i) it illustrated the end of the social treatment of unemployment on which the Mauroy Government had grounded the solidarity contracts, (ii) and it reflected a revision of active labour market policies. However, both reasons have to be seen in context. This is to say that the termination of the early retirement scheme mirrored the general re-evaluation of distributive priorities which the Mauroy Government undertook in stages between 1982 and 1983. The reasons for this shift of priorities will be treated in more detail in sections 6 and 7.

6. The Actors' Reading of the Working Time Policy

The CNPF: The "Party" of the Employers

In line with the framework of analysis organising the previous chapter, we shall now focus on *perceptions* informing collective actors' evaluations of policies. We begin with the interpretations and strategic (re-)orientations of the French Patronat. The policy evaluations on the part of the three representative employers' associations have to be understood in the broader context of the changes sweeping through the French political system during 1981–83. The intra- and inter-associational clarification of these changes yielded a first result when Yvon Gattaz was elected the new President of the CNPF in December 1981. Gattaz sought to realign the conservative PME with the modernistic, expanding medium-sized firms. Large enterprise which had formerly dominated the CNPF was the loser in this coalition (cf. *Uterwedde* 1988: 222). As a reaction more than 40 of the largest Patrons left the CNPF and joined ranks with the AFEP, an organisation exclusively advocating the interests of large corporations (cf. *Berger* 1985: 234).

Gattaz' reorientation of CNPF priorities was grounded on the assumption that in light of the evident political majorities employers' organisational unity had to be (re-)established. Only then did it seem possible to confront the Leftist Government with the "Party of the employers". The macro-economic and labour market policies of the Mauroy Government provided good reasons to close ranks, in particular (i) the decision on full-wage compensation, (ii) nationalisation of banks and (ii) extended participation rights for unions and employees (the so-called *Auroux reforms*)¹⁴.

Furthermore, political judgements by the government advanced employer unity. When equally legitimate representative status was conferred on the SNPMI, the traditional organisation of small and medium sized firms, the CGPME, was confronted with a rival business association. As a strategy intended to weaken the privileged bargaining position of the two traditional employers' associations, it backfired. Seeking to enlarge the representative pluralism of employers' associations only strengthened the perceived need for the "unitarism of the Patronat" (cf. *Kolboom* 1983:

14) Named after the Minister of Labour, Jean Auroux. These industrial relations reforms were designed to extend contractualisation at the plant level. They are treated in more detail in section 7.

231ff.). The mass-meeting of 25,000 employers from all parts of the country in Villepinte (Paris) in December 1982 testified to a rank-and-file mobilization (cf. *Hénissart and Kowalsky* 1983: 124).

Regarding the CNPF's policy evaluation the central organisation of the French Patronat was counting on a failed experience that would help promote realism within the Leftist coalition. The focal point of this approach was to seek a "radical reform of the 1982 decrees" (cf. *CNPF* 1984). Instead of taking a second step on the path of working time reduction, the door for extended temporal flexibility should be opened by the government.

After Mitterrand's ruling on full wage compensation the employers' associations saw no credibility in working time reduction. The CNPF focused its criticism on the fact that the President's intervention infringed on the autonomy of collective bargaining as well as wage formation, and rendered the resolution of controversial issues a "mere parody" (cf. *Le Monde* 12.02.1982). Besides, a CNPF-survey of the working time agreements signed between 1981 and 1983 confirmed the "vitality" of collective bargaining but also underscored that no settlements included a further engagement in favour of shorter hours (cf. *CNPF* 1983).

The CNPF's strategy of flexible response illustrates how well the French Patronat learned its historical lesson from the experiences of 1936 and 1968. During both historical landmarks unions and their rank-and-file countered employers' intransigence at the bargaining table with mass strikes and the occupation of firms. But in 1981/82 no such forms of protest occurred against the Patronat. Rather the boot was on the other foot: the unions and the Leftist Government had to realise that employees went on strike against measures of the new government.

Employees' Experience with the 39-Hour Week

The wave of strikes in favour of full wage compensation articulated the limits of a distributional project within the class. Hence, wage militancy demonstrated that the unions and the Leftist Government could not rely on employees' unconditional support for work sharing with voluntary wage restraint. The experience confirmed that "French voters who wear their hearts on the left wear their wallets on the right" (cf. *Hall* 1986: 225). Why there could be no initial workers' support for the Socialist Government in the field of solidaristic incomes policies was largely due to optimistic expectations of a sustained economic expansion. In other words, worker consent to wage modera-

tion depended, inter alia, on their economic expectations about the longer-term future and the political constellation which sought to craft conditions for sustained growth of the French economy (cf. Lange 1984: 114).

Turning to the implementation of the new hours' norm at the workplace we can identify the prominence of reorganising working (time) conditions, in particular shift working, paid holidays and length of firm's operation time. Table 1, which presents some results from an opinion poll of employee attitudes carried out by CREDOC, highlights the salience of temporal flexibility. It illustrates employees' interest in a larger mobility and self-determination of the length, location and distribution of working time. By the same token, the representative opinion poll shows that income aspirations predominated over shorter hours preferences among the workforce.

Tab. 1: Preferences for disposable income or increasing leisure time

	1982	1983	1984	1985
<u>What is your preference:</u>				
Improving purchasing power	54.9	61.5	63.6	66.2
Longer leisure time ¹	44.4	37.0	36.0	33.2
Preferred form of shorter hours				
Shorter daily working time	15.9	17.2	19.7	15.7
Half a day off each week	34.6	29.2	33.5	31.0
Enlarging weekends	29.4	33.4	28.1	35.9
Longer holidays	12.0	8.9	12.7	11.8
No statements	8.1	11.3	6.0	5.6

1. The question asked was: "In case of reducing weekly working time what would be your main preference?"

Source: CREDOC (1985).

Clearly, the preference for an increase of income over an additional reduction of working time grew after the implementation of the 39-hour week. While in 1982 more than 44 percent of all employees were in favour of longer leisure time, only a third were of this opinion in 1985. More general-

ly, after being confronted with the income risks and workplace consequences of shorter hours, employees increasingly rejected further cuts in working time. Hence, a higher wage packet was preferred.

Such changes in the working time and income preferences of the workforce were strongly influenced by two factors. On the one hand, the implementation of shorter hours seldom corresponded with the articulated (leisure) time preferences of those employed. Contrary to the preferences voiced in the above table a government report showed that the 39-hour week was being implemented in 43 percent of the cases by reducing one hour of work on Friday afternoons. Cutting daily working time by 12 minutes was introduced in 40 percent of the cases. In only 10 percent of cases was an additional full day-off granted for every eight weeks worked (cf. *Detape et al.* 1982: 14).

Secondly, the shift of preferences in favour of purchasing power is explained by the six months freeze on wages and prices which the Mauroy Government introduced in May 1982. For the first time the law of 1950 concerning the freedom of collective wage bargaining was suspended. This second case of governmental intervention in autonomous wage formation "was of an authoritarian and statutory nature...nothing like a genuine negotiation took place" (cf. *Goetschy* 1987: 179).

Far from identifying the Socialist Government with the redistribution of income, employees were confronted with the unhappy consequences of statutory wage policies. Real disposable income dropped by 0.3 percent in 1983 and by 0.7 percent in 1984 (cf. *Hall* 1986: 223). With their minds focused on income preservation employees' support for further work sharing policies could not be counted upon. In sum, while employees saw their standard of living threatened by new policy priorities of the Leftist Government, they only partly benefited from the proclaimed improvements of collective working time reduction, and did not witness significant labour market outcomes deriving from the introduction of the 39-hour week.

The Unions' Dilemma: Who Pays for Distributional Policies?

As shown, a lot hinged on the unions. The government's labour market policies relied on the unions' preparedness to support its distributional objectives with a bargaining strategy that gave employers sufficient leeway in the fields of income policy and working time flexibility. If such a cooperation could not be secured and the unions chose not to act as promoters of governmental reform, then a central plank of the active labour market policy was going to be in trouble. In addition, the employers could then be expected to match the unions' non-cooperation in the field

of wage moderation with intransigence, for instance regarding further working time reductions. But in the shade of the Socialist election victory, public calls for union wage restraint faced an acute dilemma. Under the circumstances of the reflation project introduced in mid-1981 and the government's proclamation to re-establish full employment, employees and their interest organisations first expected rewards from the government, rather than having to furnish sacrifices themselves.

As the industrial militancy over full wage compensation illustrated, the competitiveness between the five representative unions could not be overcome without state intervention. By the same token, the six months freeze on prices and wages signalled to the unions and their social basis that a further step towards the 35-hour week would only be implemented if and when the hours' reduction was supplemented by parallel wage restraints. Having to learn the lesson of work sharing in this manner implied that the (i) procedures, (ii) compromise options and (iii) income preconditions of additional working time reductions would assume top priority in union bargaining practices. Through the wage freeze the Leftist Government unequivocally displayed to the unions the new rules of the game: so as to avoid inflationary consequences any further steps towards the 35-hour week were to be financed through income sharing in one form or other.

In responding to this challenge, the established scenario of pros and cons in the French union system prevailed. The CGT unambiguously refused an "amputation" of disposable income (cf. Chavrot 1984: 17). The FO voiced its opposition against intra-class income redistribution since such an option "would only find the keen hearing of the Patronat" (cf. FO 1984: 171). Of the three largest French trade unions only the CFDT was willing to support a policy of voluntary wage restraint. At its 1982 Congress the CFDT evaluated the previous working time arrangements. As Maire claimed, the union's signature on the protocol of 1981 was intended to "start the train in the direction of the 35-hour week" (cf. CFDT-Syndicalisme 1982: 19-20). In order to steer the train towards the appropriate labour market destination, the CFDT approved a motion which sought full wage compensation only for those income groups which earned twice as much as the minimum wage (SMIC). Above that income threshold, partial wage compensation became the bargaining priority of the CFDT.

But while the CFDT was advocating a second phase of work sharing supplemented by income sharing, the Leftist Government introduced its wage and price freeze. Accordingly, this bargaining position could not be put to the test. Confronted with statutory income regulation and state-induced wage moderation directives (*negociation encadrée*)¹⁵, progress towards the 35-hour week was halted. Besides, shifts in the preference structure of employees (cf. table 1) indicated that the distributional project of the CFDT lacked support within the workforce. While the CFDT was

calling for a trade-off between income sharing and work sharing, the CGT and FO voiced their rejection of a policy project which sought to popularise solidaristic income policies.

With labour organisations devoting as much time and energy to contending with each other as with employers, the CFDT's solidarity project was without inter-union approval. Given the balance of power within the French union system which favoured the communist CGT over the socialist CFDT while the reverse was the case within the government — the CFDT lacked the enforcement resources for a unilateral approach. Finally, the austerity measures which the Mauroy-Government introduced in 1982/83 underlined that the union strategy was hardly applicable against a background of shifting policy priorities at the state level.

The Dilemma of State-Induced Working Time Policy

In 1981 the Socialist Government had taken the risk of domestic economic expansion. Redistributive policies combined fiscal expansion, nationalisation, recasting welfare state provisions and active labour market policies. As shown earlier, such a combination was based on the expectation that economic recovery on a world-wide scale, in particular in the United States, was only a matter of time. In addition, the government counted on ancillary labour organisations to garner support for its distributional policies. Hence, the government expected a compromise prone *patronat* and regarded trade unions not only as industrial relations activists, but also as political actors.

In practice, the implementation of the reflation project required cooperation from the unions in the field of incomes policies. However, as Mitterrand's ruling over the issue of full-wage compensation exemplified, the Socialist Government could not rely on such organisational support. Furthermore, the deeply-rooted rivalries between the trade unions undercut the government's ability to foster quasi-corporatist arrangements between the state and industrial relations organisations as a means of regulating social conflict and effectively implementing policy (cf. *Streeck and Schmitter* 1986).

This disillusioning experience added to the variety of problems and non-intended macro-economic side-effects of Keynesianism which the Socialist Government was facing from mid-1982

15) Wage increases were to remain below the state's 5 percent guideline for 1984.

onwards. On the one hand, the Keynesian expansion strategy led to a drop of long-term interest rates in the autumn of 1981. But already in early 1982 the government had to cede to the realities of the international capital markets (cf. *Scharpf* 1987: 302). As a result the French franc was devalued by 5.75 percent in February 1982. In addition, unemployment as well as inflation increased again in mid-1982, therefore proving the fallacy of the economic calculus on which the Leftist Government had gambled: to have less unemployment amidst a short-term period of more inflation.

Both experiences contributed to reconsider the room for policy manoeuvrability amidst an isolated redistributive Keynesian context. As a central element of Keynesian reflation strategies the restricted action margins of monetary policy subsequently affected other problem areas which the Mauroy Government was facing, in particular growing budget deficits and an exploding balance of payments' deficit (especially with its main trading partner, the Federal Republic of Germany).

Adding to the predicament was the unique position of France in 1981/82. The contrast in timing with other OECD countries was striking. With the world economy in the throes of a recession and the neighbouring countries reacting by shifting to deflationary policies and trimming the welfare state, the Mitterrand-Mauroy Government opted for a completely different trajectory. With its reflation programme the Leftist coalition managed to produce domestic growth amidst an unfavourable economic environment. However, this success was isolated, yielded non-intended side-effects and proved to be of limited duration.¹⁶

Socialist policy-making which had embarked on a path of *social growth* in 1981 was subsequently transformed into the *Delors plan* under the heading of *rigueur*. The austerity plan of the Finance minister made a clear decision about what the top policy priorities would be: instead of further addressing reform projects like the 35-hour week and stimulating demand through redistributive policies, the objectives of consolidating public expenditure, curtailing inflation and reducing the unprecedented deficit in the balance of payments were now given top priority on the politico-economic agenda. As *Petit* (1986: 398) noted "the aim was to change precisely those expectations which had boosted household consumption in 1982...this move depended upon widespread acceptance of wage restraint as the core of this *politique de rigueur*."

The Leftist blueprint of austerity not only implied a far-reaching renouncement of the reflation phase but also a gradual convergence with the conservative economics being applied in neighbour-

16) For an overview of the macro-economic costs and constraints they fuelled see *Hall* 1986: 195ff., *OECD* 1988: 30ff., *Fonteneau and Muet* 1985: 191ff., *Lauber* 1987: 26-29).

ing countries. In addition, the *Delors plan* had significant parallels to the cure which the d'Estaing-Barre Government had favoured between 1975 and 1981. By and large the new medicine suggested a disavowal of the trajectory taken in mid-1981 which was made partly responsible for the encountered difficulties and subsequent goal failures. As the Prime Minister explained: "We want to have wages rise more slowly than prices in order to curb consumer purchasing power and increase profitability" (cf. *Business Week*, 10 January 1983).

In the face of a limited range of support from the trade unions and growing hostility from the employers, the government decided without consulting the labour confederations to retreat from redistributive Keynesianism and rather focus on introducing restrictive income policies and suspend any further legal steps towards the 35-hour week. Since the government had repeatedly experienced that labour organisations could not be counted on as relay stations for policy implementation, the unions henceforth were put at arm's length. Instead of seeking union cooperation "wages were frozen (with) absolutely no prior consultation...even though (the unions) were the ones most affected" (cf. *Intervention* 1983: 47).

The IXth macro-economic Plan (1984-1988) reinforced the shift of policy priorities in favour of 'désinflation compétitive' most distinctively. The emphasis of economic policy making was placed "on the irrefutable necessity to increase efforts in favour of investment. This objective implies a moderation of public expenditure and a restraint on household consumption" (cf. *Commissariat Général du Plan* 1983, Tome I: 5). Regarding the prospects of the 35-hour week the ninth Plan stipulated a progressive reduction of working time on a selective, decentralized and contractual basis (cf. *Malkin* 1986: 311). Rather than reinforcing the governmental commitment, the 35-hour week appeared as a distant ideal, only to be advanced in negotiations between the collective bargaining organisations.

Abstaining from further statutory intervention and pointing to the necessary "modernisation of French industry" became the cornerstones of *rigueur* in the field of industrial relations. While the Mauroy Government began to drive the nails in the coffin of the 35-hour week objective, the new approach underlined the shift in the Socialists' policy prerogatives. It is this sweeping change of practice and objectives during their tenure in government which will be addressed in the following section.

7. The Modernisation Concept of Fabius

The macro-economic policy shift described in the previous section was followed by changes in the composition of the government. After the Mauroy Government had taken notice of its devastating results in the June 1984 elections to the European Parliament, and following the postponement of the controversial private school legislation¹⁷, Mitterrand initiated a major shake-up of the Socialist-Communist coalition. Prime Minister Mauroy was replaced by Laurent Fabius who had been Minister for Industry and Research since March 1983, and held the budget portfolio from 1981 to 1983. An advocate of austerity and representing a pragmatically oriented understanding of policy making, Fabius quickly became identified with "the withdrawal from Leftist ideologies" (cf. *Der Spiegel* 1984a: 126).

The summer transition pushed ahead by the *Elysée* was completed when the Central Committee of the PCF decided to leave the coalition government formed in 1981. The PCF did not want to be further identified with an austerity policy whose content was decided outside the posts which the PCF-ministers held. In addition, the PCF observed that the social costs of *rigueur* increasingly affected its constituency. The elections to the European Parliament bode ill for the Communist party: the PCF fell to a historic low of 11.2 percent. Thus, with the drastic electoral decline of the PCF, the Communists decided that rebalancing the forces of the Left was timely, rather than continuing to partake in a government which was said to lose its socialist character (cf. *Marchais* 1990: 51).

The conceptual signpost of Fabius' policy shift was the *modernisation* of the French economy and the state. Thus, redistributational reforms like in 1981 were ruled out. Instead, the new Prime Minister proclaimed "a socialism of the possible" and focused on withdrawing from state dirigism. Fabius described the role which the state was to play as follows:

17) Mitterrand had promised in 1981 to end the long-standing rivalry between catholic (mostly private) and laic schools. The government intended to establish a uniform secular and public education system. However, the (private-)school controversy brought almost two million people onto the streets of Paris in June 1984, protesting against the legislation.

"The state should not be in charge of everything. Traditionally in France the state assumes the initiative in the economy, industry and defense, as well as correcting forms of injustice. There is nothing wrong with such a proceeding, but this does not imply that the state should interfere in each policy area at any given time" (cf. *Der Spiegel* 1984b: 135).

This change in the operation of state regulatory agencies could be identified in major policy fields. In the course of such a *U-turn à la Française* the focal points of labour market policy were profoundly transformed. The political discourse about the objectives of working time innovations was now explicitly governed by the intention to utilise such innovations as an instrument for advancing temporal flexibility and the adaptation capacities of firms. As Fabius explained,

"it would be unreasonable to reduce working time unilaterally in a standardized manner, and moreover only in *one* country. We rather favour negotiations. Each firm has to discuss its necessary options. What can be introduced in one company may not warrant adequate solutions in another. Therefore, we have to proceed in a cautious way and indulge in concertated action" (cf. *Der Spiegel* 1984b: 135, italics added).

Within this framework the industrial modernisation of France was linked to the simultaneous restructuring of collective bargaining institutions. The partnership of both was regarded as essential. Mindful of this interplay the *Auroux reforms* saw a new lease of life. Introduced in 1982, this industrial relations legislation provided for employees' right of collective expression within the firm, in particular on the content, organisation and conditions of work (so-called *groups d'expression*). In practical terms, these reforms were designed to stimulate contractualisation and strengthen the bargaining positions of labour at the plant level. On a more normative level, the *Auroux reforms* were to promote workplace democratisation and establish basic citizenship rights for employees (cf. *Wilson* 1991: 441).

However, such new-style participation did not necessarily imply union representation on the *groups d'expression*. In fact, enlarged shopfloor democracy could be introduced without unions, or with only a minority of unions being represented in the new institutions. Furthermore, the workplace legislation provided that only firms with more than 200 employees were obliged to conduct annual negotiations on wage formation and working time organisation (cf. *Eyraud and Tchobanian* 1985: 241). However, in case no compromise was reached the employer could unilaterally introduce new norms and regulations (cf. *Kibler et al.* 1985: 169). Thus, a prescription that such negotiations also had to produce a collective agreement was not included in the *Auroux reforms*.

The obligation to negotiate, but the non-commitment to arrive at an agreement, reinforced the duality and contradictions in the French industrial relations system. On the one hand, the *Auroux reforms* provided extended participation rights for employees and obliged the Patronat to acknow-

ledge the legitimate presence of unions and their collective bargaining rights within the firm. On the other hand, the legislation did not go as far as to re-model the established balance of shop-floor power and conflict resolution. Instead, the relative power position of industrial actors, reflected by their mobilisation capacities (so-called *rapport de force*) continued to determine if negotiations would lead to a compromise about wage levels, working time patterns and conditions of work.

In the event, the implementation of the *Auroux reforms* gradually changed the complexion of collective bargaining procedures in the French industrial relations system. Increasingly, the firm developed into the central regulatory agency for workplace innovations while a parallel reform of branch and inter-industry bargaining institutions was not undertaken by the Socialist Government. Such an acceptance of the virtues of a market economy signalled a profound policy transition which the Minister of Labour, J. Auroux, captured in the following words:

"Twenty years ago, the workplace was a battleground; now it is simply a place to work...The Left has learned to accept the market economy. It has been a cultural revolution in our ideas...We are rediscovering the virtues of liberalism or rather the virtues of economic liberalism" (cf. *Wilson* 1991: 455).

The decentralisation of collective bargaining which the workplace legislation established led to a multiplication of company agreements. In 1984 over 1,600 contracts were signed, in 1985 more than 1,800 and over 2,000 in 1986 (cf. *Boulin and Taddei* 1988, Tome I: 1). These agreements had in common that they were neither based on previous branch or inter-industry contracts, nor could their diversity be filtered into a unifying compromise pattern. Under conditions such as these, branch and inter-industry level bargaining organisations experienced a serious loss of regulatory capacity while the pattern of labour relations in French enterprises underwent a marked transition. Participatory management styles as a means of stimulating workplace innovations and unions' acknowledgement of economic constraints which influence their firm's competitiveness can be positioned in the context of a "new spirit" evolving at the firm level (cf. *Wilson* 1991: 454).

In the section that follows we shall focus on the conceptual shift of labour market policies. The logic behind the new orientation derived from identifying two properties — flexibility and modernisation — as the central planks of industrial recovery and the reorganisation of production. The individual firm was singled out as the primary agent to bring about such a transformation, and the key task for industrial relations actors consisted in providing the necessary instruments for economic adjustment. Accordingly, the Fabius Government encouraged the collective bargaining actors to open talks on labour market deregulation and working time flexibility in 1984. In particular, the inter-industry negotiations gave the unions the opportunity to demonstrate their adaptability to changed environmental conditions.

The Inter—Industry Negotiations on Labour Market Deregulation and Working Time Flexibility

It was the CNPF which took the initiative in the bargaining rounds. Encouraged by the high place attributed by the Fabius Government to modernisation prerogatives and the promotion of firms' competitiveness in increasingly challenging international markets, the CNPF launched a flexibilisation campaign in 1984 under the heading of "Emplois nouveaux à contraintes allégées"¹⁸. The aspiration was that inter—industry bargaining would establish a framework for extended flexibility margins in the management of manpower and the reorganisation of working time schedules. The diversity of the bargaining topics, and — if agreed upon — their consequences for the subsequent deregulation of French employment and labour legislation (so—called *Code du Travail*) made these negotiations highly contentious. The constraints which the CNPF wanted to be curtailed included:

- ▶ Procedures to facilitate technological innovation,
- ▶ Threshold levels for the application of labour law guarantees within firms, and the introduction of low wage provisions for new appointments,
- ▶ Revised modalities for dismissals carried out on economic grounds,
- ▶ Extended options for part—time work, shift—working, employment with limited duration and working time schedules which differed for various groups of employees.

The cumulative effect of these demands would give life to a new mobility in the operation of firms, their management of human resources, methods of job placement and the diversification of forms of employment. If the unions would accept these demands and the government approve the deregulation measures, then the CNPF foresaw the creation of 450.000 new jobs, in particular in vocational training and youth unemployment (cf. *Bélier* 1985: 81).

For the unions the negotiations offered the chance to regain control over the unemployment problem and thereby re—establish their authority in industrial governance. This objective seemed all the more necessary since the decentralisation of bargaining authority effected by the *Auroux reforms* had disempowered the confederations of regulatory responsibility. From the outset the CGT instru-

18) New forms of employment with reduced legal constraints.

mentalised the negotiations. Its bargaining strategy was to emphasise the assault of the "reactionary" Patronat on hard won labour rights and social legislation. The CGT framed its approach in terms of an "anti-crisis struggle" (cf. Poussy 1985: 2). The resignation of the four Communist ministers in the coalition government had untied the hands of the party and union: neither the PCF nor the CGT were hereafter bound to government solidarity.

Given its self-definition as a contracting union the FO accepted to negotiate. However, during its XII Congress the FO adopted a motion which included an unconditional repudiation of the employers' claims (cf. FO 1984: 410). Organisational considerations deriving from a far reaching change in the French union system played an important role in shaping this position. In the *social elections* of October 1983 which determined union delegates to labour market institutions like the unemployment and social security systems, both CGT and CFDT registered significant losses while the FO increased its support at the polls to 25.2 percent.

This meant that for the first time in post-war French industrial relations the established balance of power between CGT and CFDT was changed by the FO's second placing. In addition, of the three largest French unions, the FO was the only labour organisation which did not suffer a decline in membership during the Socialists' tenure in government. Rather, the FO profited at the expense of the Leftist confederations who were identified as being too close to the government.

In stark contrast to the uncompromising positions held by the CGT and FO, the CFDT decided on a strategy of flexible response. The central bargaining issues (i) facilitating legal regulations on employment conditions (ii) and the organisation of work offered the CFDT opportunity to prove its capacity to adapt to new developments in the labour market and to match these with corresponding collective bargaining strategies. Thus, the CFDT argued that flexibility was a (growing) reality in the labour market and needed appropriate governance through the industrial relations actors. The CFDT-chairman Maire outlined the role of the CFDT in this process as follows:

"The task of changing work structures must become the principal goal, the concrete and immediate objective of the trade union movement in the firm. To modify work and make it more flexible, to establish a greater inter-relation between conceptual and practical tasks and to make workers better skilled, endowed with greater occupational mobility, more autonomous and creative, more responsible and closer to their work: these ambitious objectives for the transformation of work would lead to the mutual satisfaction of the interests of workers and the collective interests of the firm, the economy and society" (cf. Maire 1986: 162).

As challenging and innovative as the CFDT approach appeared when compared to the hardline positions of both CGT and FO, it also has to be taken into consideration that the union's strategy was influenced by electoral considerations. Seen from this perspective, the CFDT bargaining

strategy included an obvious political bias. After the elections to the European Parliament in June 1984 in which the PS recorded only 21 percent of the vote, the collective bargaining associations could expect that the federal elections in early 1986 would provide a change of government. If this happened, the CFDT expected that the RPR/UDF opposition alliance would alter the working time decree of 1982 and give the firms the flexibility options they were persistently calling for. Hence, the CFDT strategy sought to limit the possible drawbacks resulting from neo-conservative regulation.

Political prerogatives could also be identified within the employers' associations. Many CNPF, CGPME and SNPMI members regarded the negotiations as unnecessary. Their doubts were directed towards the obligatory character of inter-industry bargaining agreements. Besides, the Patrons opposed the prospect of a national agreement which obliged them to compromise on a reduction in weekly working hours while the flexibility options they received in return would not match innovations which they had already introduced at the firm level.

The *Auroux reforms* — although often criticised because of their union bias — had given many employers the leeway they needed for introducing flexible forms of work, and establishing new-style labour relations at the plant level. The implementation of the reforms allowed management to reconsider the role of their employees in the effort to improve productivity and competitiveness in international markets (cf. *Wilson* 1991: 455). Instead of being bound to an unsatisfactory inter-industry agreement these employers were committed to firm-led innovations and hoped for a change of government which would give them satisfactory action margins, but without the compromise component of working time reduction (cf. *Soubie* 1985: 96).

Taken together, different inter-temporal strategic considerations ruled the interests of the CFDT in favour of an agreement, while members of the Patronat sought to take advantage of the emerging politico-institutional development. Hence, the former wanted, while the latter did not need, an agreement. While the employers could afford to wait, the unions had no time to lose. Since employers could count on their autonomy in firm level regulation, the unions were caught in a dilemma. If they were to reach a compromise, criticism of the agreement within the organisations was almost certain to surface. Were they to refuse, i.e. adhering to the logic of membership rather than to the logic of influence, then they would most likely reinforce the impression of union immobility and organisational backwardness (cf. *Priouret* 1984: 37).

The 1984 Syndrome

Given the actors' constellations as described the agreement of December 1984 came as something of a surprise. Only the CGT remained committed to its negative position declining to sign. The CGT's refusal was contrasted by the willingness of the other unions to support the settlement. Yet, their support proved premature and the union delegations found themselves without a mandate to translate the protocol into a formal collective bargaining agreement. In particular, the FO—and CFDT—leadership were confronted with bitter criticism from their rank—and—file. Only one of the CFDT's regional representatives supported the protocol while all sections of the FO refused the compromise (cf. *Amadieu and Mercier* 1986: 117). The rank—and—file protest focused on the discrepancy between union obligations in the field of labour provisions while the employers only provided declarations of intent like "contributing to safeguarding employment" (cf. *Delamotte* 1987: 64). Deference to internal democracy and respect for the voices of their rank—and—file led the leadership of both unions to exercise its exit option in late 1984.

Intra—organisational consensus problems were not confined to the unions. The employers faced similar problems; but the controversies within the Patronat focused on general questions of associational strategy. Was the dialogue approach which CNPF President Gattaz favoured still appropriate in the new political climate? Or was this strategy rendered obsolete by the Socialists conversion to capitalism's rules of the game in the form of wage discipline and budgetary austerity? In addition, PME members criticised the inter—industry agreement in the face of the importance which the government attributed to firm—led innovations.

The circumstances leading to the failure of the negotiations gave the Patronat plenty ammunition to emphasize the indecisiveness and (inter—)organisational weakness of the French unions. The CNPF was able to point to the evident gap between a union leadership willing to compromise, intermediate units refusing the agreement and a workforce whose 'real' problems and aspirations were neither recognised by shopfloor militants, nor adequately represented by the union leadership. The metaphor of a union tanker unable to navigate the rough waters of industrial modernisation reinforced public opinion of the French trade union system as clinging to images and practices instead of orchestrating new labour regulations in the light of sustained labour market problems.

With the repeated failure of negotiations the ball was in the court of the Fabius Government. The Prime Minister had to take into consideration the apparent lack of commitment on the part of the collective bargaining actors to re—open negotiations during the electoral campaign for the *Assemblée Nationale*. Only the results of the General Elections in early 1986 would determine the chances for and the scope of a new round of talks. In this scenario, Fabius opted for unilateral regulation.

8. The Regulation of Temporal Flexibility

The Delebarre Law

Just before the Socialists' tenure in government ended in 1986 the Minister of Labour, M. Delebarre, presented a law on the 'adjustment of working time'. Next to its details, the timing and procedural aspects of the legislation provoked sustained criticism from the industrial relations actors. With an expected change of government in view, Delebarre received special powers from the still existing socialist majority in parliament.¹⁹ However, proceeding in such a manner only reinforced the intention of the conservative/liberal opposition alliance to change existing working time legislation once it took office. Accordingly, the fate of the *Delebarre law* was seen to "land on the grave yard of outstanding ideas" (cf. *Libération* 21.11.1985).

The conceptual background of the legislation was based on the *Taddei Report* submitted to Prime Minister Fabius in 1985 after the failure of the flexibility negotiations. Taddei's report reflected most distinctively the shift of priorities which French working time policy had experienced since 1981. The PS member of the *Assemblée Nationale* had been appointed by Fabius to compile a report on the modalities of implementing new forms of temporal flexibility in the labour market.

The new lynchpin of working time policy was to disconnect individual working hours from the firm's operation time. This objective killed the earlier one of redistributing employment by way of reducing standard weekly working time. The former *partage du travail* objective was considered as a manifest failure, and Taddei warned that a renewal of this approach would be detrimental for firms' competitiveness and wage discipline (cf. *Taddei* 1985: 12).

In consequence, Taddei proposed to extend daily and weekly shift working. This included round-the-clock operating time, whilst standard weekly working time was reduced to 32 hours within a four-day schedule. In short, Taddei's propositions aimed at the "resocialisation of working time patterns between men and machines" (cf. *Taddei* 1986). By extending capital's

19) Because of a Communist filibuster, the Socialists had to use article 49/3 of the Constitution and needed support from opposition members of the Senate to get the law passed two weeks before the parliamentary term ended.

operation time Taddei expected that the combination of longer production time, better use of equipment capacities and enlarged productivity potentials would furnish 365.000 new jobs within a five year period whilst full wage compensation was guaranteed (cf. *Taddei* 1985: 98).

By incorporating Taddei's proposals the *Delebarre law* provided for the regulation of working time on a yearly basis and within the framework of branch negotiations. Two flexibility options ruled the legislation: the duration of the working week could be extended to either 41 or 44 hours if the average weekly working time within a 12 months period did not exceed 38 or 37.5 hours. Thus, in practice the *Delebarre law* sought to link two different elements of working time regulation: the differentiation of working time and the simultaneous reduction of hours.

From the perspective of Fabius' industrial and social modernisation concept, the Taddei report reflected its subsequent translation in the field of working time policy. This translation was not only based on revised policy priorities in the labour market, but also corresponded to a "discrete flexibility" being implemented at the firm level that mainly affected female employees (cf. *Le Monde* 16.07.1985). In that respect, the *Delebarre law* marked a departure from the former focus on firm-led working time innovations as advocated in the *Auroux reforms*. Given its claim for branch level negotiations, the Delebarre legislation evaluated the company framework as too limited in scope, and as too insecure regarding the protection of employees' rights.

This procedural shift has to be placed in the context of two alarming developments taking place in the French labour market since the beginning of the eighties. First, the reform targeted on the belated standardisation of numerous company agreements on working time flexibility. In addition, the legislation was directed against the multiplication of firm-level working time agreements which reflected a non-compliance with existing legal provisions. In particular, the latter trend underlined that management had often used provisions of the *Auroux reforms* to bypass union structures at the plant-level and introduce working time schedules on grounds of individual deregulation agreements with employees (cf. *Meurs* 1987: 20).

Regarding the reactions of the main labour confederations, only the CFDT supported the *Delebarre bill*, while it was vigorously opposed by both CGT and FO (cf. *Sellier* 1986: 176, *Bißling* 1988: 114). The former confederation underscored its "principle of adaptative syndicalism". Opposition as an end in itself, as the CFDT-chairman Maire argued during the confederation's 1985 Congress, would not contribute to more employment. Maire recalled that:

"Within a first period we exclusively concentrated union strategy on working time reduction. The debate over the price tag attached to the reduction demand, in particular who was to pay the bill — the employers, the state or the workforce — dominated the deliberations, and later hindered the reduction process...With hindsight, we are now capable of evaluating these experiences, and based

on their interpretations to focus on different models of working time reduction which can pave the way for the reorganisation of working conditions and the improvement of job qualifications. This approach rests on the diversification of solutions from one firm to another. It allows us to link productivity gains with the problem of wage compensation. Therefore, the trajectory may open up new options for the creation and preservation of jobs" (cf. *CFDT* 1985: 6).

The lengthy quotation well illustrates that the *CFDT* leader acknowledged that attained productivity gains can only be shared once, and if so, then with complementary compromises in the fields of wages and/or working time. In other words, the *CFDT* reckoned most distinctively that distributional labour market policies cannot be realised by exclusively charging the bill to the employers or by delegating the costs upwards to the state.

By contrast, the employers faced significant internal consensus problems over the question of how to treat the new working time legislation when it was most likely that the expected change of government would lead to the suspension of the contested *Delebarre law*. The *CNPF* valued the legislation as "substitution flexibility" and advised its branch associations and individual member firms to hold-off on negotiations on the basis of the reform (cf. *Libération* 21.11.1985). Considering its political engagement in favour of the *UDF/RPR* alliance, the *CNPF* leadership counted on a forthcoming change of government, and thereafter, an immediate amendment of the law. Likewise, the notion of a 'social revenge' after five years of Leftist Government could not be excluded from the minds of some members of the *CNPF* leadership, namely the nationalised firms.

As well as explicitly political considerations the controversies within the Patronat exemplified a continuing problem of employers' interest representation: how to deal with the trade unions. From the perspective of numerous employers several indicators justified a debate on the priorities of associational politics. First, the two Leftist unions were massively losing members since the mid-seventies, and this evolution accelerated during the Socialists' tenure in government.

The *CGT* officially acknowledged to having lost 55.6 percent of its membership between 1977 and 1987 (cf. *Le Monde* 28.05.1989). The *CGT*, which last published official²⁰ membership figures in 1983/84 (1.622075 members, including 259.133 pensioners), had lost another 10 percent of its membership by 1988 and currently counts 428.542 members in employment and 200.000 members registered as pensioners (cf. *Libération* 18.06.1992). Such a membership depletion may further be exemplified by the case of the *CGT* engineering union: while the symbolic and historical heart of the national confederation counted 420.000 members in 1974, only 74.000 remained in 1987, a decrease of 83 percent in 13 years (cf. *Le Monde* 17.09.1988).

In 1985 the CFDT—membership was reported to be 830.000 active members and 70.000 pensioners. Three years later the number of active members had fallen to 469.200 and 26.000 pensioners. Taken together, the total losses amounted to a drop in membership of 44.9 percent (cf. *Bevort* 1989). In 1989 the CFDT claimed to have 539.000 members (defined as those making regular contributions). Compared to former membership figures, this would mark a slight increase.

Secondly, as a result of these membership losses a steady fall in the level of union density could be observed. While French labour confederations never set an example for high unionisation levels since the 1950s in Western Europe (cf. *Ebbinghaus and Visser* 1990: 4), the drop from 14 percent in 1980 to 10.6 in 1986 is still remarkable. *Rosanvallon* (1988: 14) even speaks of a unionisation level of under 10 percent in 1988. These figures represent the *lowest* level of union density in Western Europe.

The impoverished state of French unionism is further reflected in the increasing number of employees abstaining from company elections. In 1982 more than 41 percent of the active labour force abstained from the *prud'homales*²¹ elections. In 1987 electoral abstention reached the record high of 54 percent, i.e. more employees stayed away from the ballot boxes than supporting union candidates (cf. *Le Monde* 11.12.1987).

In view of these manifest organisational problems of unions, numerous employers questioned why the French Patronat should further consider the labour confederations as representatives of the workforce, and therefore recognise them as legitimate collective bargaining organisations (cf. *Berger* 1987: 193). Answering such a provocative question would require mapping out, and justifying, what kind of industrial relations should henceforth be established. Representatives of the enterprises nationalised in 1982, which expected their reprivatisation in case of an UDF/RPR victory, articulated this frontal attack against the unions' legitimacy most distinctively (cf. *Rijot* 1986: 2, similarly *Bunuel and Saglio* 1984: 259).

However, the most influential branch association within the CNPF, the engineering employers organised in the UIMM, opted for negotiations on the grounds of the *Delebarre Law*. While the UIMM left no doubt about the fact that the bill had come too late, it stressed that the CNPF could not coerce branch associations on certain policy priorities (cf. *Libération* 21.11.1985). Political

20) The alleged inaccuracy of unions' membership figures remains a perennial problem in French industrial relations (cf. *EIRR* 1990/199: 5).

21) The *prud'homales* committees are responsible for the solution of industrial disputes at the firm level.

considerations governed the engineering association's decision. As the UIMM argued, the employers had to take into consideration that, if the change of government was forthcoming, a Socialist President would still hold office in the *Elysée*. The politico—institutional arrangement which was unfolding in 1986 was referred to as *cohabitation*. Since Mitterrand had been elected for seven years while the *Assemblée Nationale*'s term is five years, some form of cooperation between a Socialist President and a RPR/UDF government would be necessary. In practical terms such an arrangement implied that Mitterrand could either veto certain legislation, or that in anticipation of possible confrontations with the President the new government would have to soften its policy initiatives.

The Seguin Law

Instead of surrendering their bargaining strategy to the electoral outcome, the engineering employers opened negotiations with the unions on grounds of the *Delebarre Law*. In July 1986 a branch agreement was signed between the UIMM and two unions, the FO and the CGC. Only after the national engineering agreement on working time adjustment was finalised did the new coalition government under the RPR Prime Minister J. Chirac²² introduce legislation on extended working time flexibility. A first attempt to reshape working time legislation had been vetoed by Mitterrand. In addition, the constitutional court had overruled a bill in December 1986 on the grounds of procedural deficiencies.

The bill finally approved in June 1987 — which is commonly referred to as the *Seguin Law*²³ — provided the possibility of a 44-hour week if on a 12-months basis the 39-hour week was kept in practice. While the Socialist's ordinance on working time reduction from 1982 was not changed, the *Seguin reform* expanded the options for introducing so-called *variable* working time schedules and favoured the implementation of *cyclical* working time patterns (round—the—clock

22) In the 1986 elections the PS lost its majority but remained the largest single party in the *Assemblée Nationale*. Emerging as the dominant force was the Centre—Right coalition UDF/RPR which had to count on minor right—wing parties in order to command an overall majority. Benefiting from the change of voting procedures to proportional representation was the National Front (FN) which received 35 seats.

working) in firms with shift working. Furthermore, special regulation for *sunday* working and enlarged possibilities for female night working characterised the new legislation (cf. *Schoenaich* 1988: 43–44).

Compared to the *Delebarre law* Seguin's approach emphasized temporal flexibility without any parallel obligations to reduce weekly working hours. In case branch negotiations failed, companies were free to proceed with autonomous regulation. Finally, explicit labour market objectives had no special place in the *Seguin law*. They were regarded as incommensurable with meeting the demands for temporal flexibility and were displaced into a by-product.

In practice, the premises of the *Seguin Law* corresponded with distinct transformations in the French labour market. The improvement of firms' economic performance and adaptation capacities fundamentally derived from their increased recourse to *irregular* and *precarious* employment schemes since the mid-eighties. The rise in such non-standard employment patterns reflected the government's approach in labour market policy. Reducing firms' labour costs and exempting them from certain tax and social security contributions constituted the primary elements of Chirac's labour market policies.

This restructuring process manifested itself in the drastic change of certain parameters of the French labour market and the quality of jobs being created. Part-time work, which accounted for 10.9 percent of the labour force in 1985, exceeded over 12 percent in 1989. The most significant transformations in irregular employment have taken place in the field of *travail temporaire*. This type of temporary work increased by 15.6 percent in 1986, almost doubled the previous gain in 1987 (+28.4 percent) and sky-rocketed by 40 percent in 1988, affecting 280.000 employees, or 7 percent of overall employment (cf. *Le Monde* 09.01.1990).

The so-called *contrats à durée déterminée* have followed the trajectory for flexible employment patterns. Such fixed-term contracts increased by 23 percent in 1986 and by 22.8 percent in the following year. In the meantime, irregular employment schemes represent 70 percent of the three million yearly new recruitments. By 1988, nearly 600.000 people were employed under such precarious or unstable conditions in France. According to Ministry of Labour figures, these forms of employment "are running at a level equivalent to around 240.000 full-time jobs" (cf. *EIRR* 1989/181: 4). In short, while the duration of limited employment contracts is falling, the quantitative increase of *peripheral work* illustrates that such employment types are more and more shedding their exceptional character. Far from creeping they have marched in to take a steady hold of the French labour market.

23) Named after the RPR Minister of Labour, Ph. Seguin.

Whereas the transformations as outlined indicate that flexible and precarious employment schemes are an expanding feature of French labour market policies, the standard duration of weekly working hours has stagnated since the singular reduction step was introduced in 1982. Average weekly working time reached 40.6 hours in 1981, and subsequently dropped to 39.06 hours in 1984 as a result of governmental legislation in the field. But any further development in working time reduction was slow to come and there has been a virtual standstill since the mid-eighties (cf. *INSEE* 1988: 122).

In contrast to this stagnation, *effective* yearly working time is on the rise again: in manufacturing since 1986 and across economic sectors since 1987 (cf. *ibid.*: 123). In 1988 more than 28 percent of all workers faced a standard weekly working time *beneath* 39 hours, while 51.4 percent clocked in at 39 hours a week. But 20.2 percent of all workers — and the figure is rising — had working time contracts *above* the legal 39-hour norm (cf. *ibid.*: 124).

The expansion of irregular employment patterns and rising working hours is matched by a noticeable increase in shift and weekend working. Newly introduced 24-hour shift systems mainly account for the rise in the former. While shift working was stagnant until 1974, and later fell continuously, a steady increase can be identified since 1982/83. Over 12 percent of all dependent employees — among them 30 percent of all workers in manufacturing — are subject to different configurations of shift working. Paralleling this development, firms' operation time has also expanded. Rather than falling as it did between 1974 and 1982, duration of utilisation time has annually increased by 0.4 percent since 1984, and in 1988 registered an accretion of 2.2 percent. In 1990 a further increase by 2.3 percent was attained (cf. *Banque de France* 1990).

Supplementing the prolongation of firms' utilisation time is the employers' growing take-over of the weekend. According to an *INSEE* study, in 1988 only 43 percent of all dependent employees *never* worked on *saturdays*; four years earlier the proportion had been 10 percent higher (54.3 percent). *Sunday* working shows a similar revision. In 1984 over 80 percent of all employees *never* worked on the seventh day of the week, whereas in 1988 the figure had dropped to 74 percent (cf. *Le Monde* 03.07.1990).

Mindful of these trends in the French labour market the relationship between flexibility and precarious employment patterns has assumed increasing importance on the agenda of industrial relations. The debate on temporal flexibility can be depicted as an attempt to link industrial relations with concerns for, and changes in, manufacturing strategies. Instead of focusing on expansive labour market policies like in 1981/82, or advocating the "social treatment" of unemployment as implemented by the Socialists between 1983 and 1986, the cohabitation arrangement between President Mitterrand and the RPR/UDF government accorded top priority to an economically-driven con-

frontation of the sustained labour market crisis. Employment plans this came to be dominated by reducing labour costs, primarily tax and social security contributions, and removing legislative restrictions which regulated employment.

9. Conclusion

The central objective of this chapter was to chart the transformation of French working time policies in the context of opportunities and constraints. In 1982, the Socialist Government was hit with the disillusioning fact that the necessary organisational support for a multi-dimensional and redistributive labour market policy did not exist within the French industrial relations system. This experience was a blow in the light of the extraordinary initial confidence in the ability of the Mitterrand Government to 'do the right thing'. Activism and voluntarism were seen as a sign of leadership on the part of the Leftist Government.

Buoyed by a confidence in Keynesianism, unemployment was regarded as amenable to influence and direct regulation by public policies. This implied both the intentionality and desirability of the macro-economic and active labour market policies introduced between 1981 and 1983. Endorsing the 35-hour week was both politically and economically attractive. Its political appeal lay in its contrast to the conservative-liberal predecessor government; economically the 35-hour week looked promising in the context of the models provided by the *Commissariat Général du Plan*. Furthermore, the Socialist Government could appeal to the historical precedent of the *Common Front* policy of working time reduction in 1936 and saw its own approach as a continuation of labour market reforms introduced over 40 years earlier.

However, the nature of France's industrial relations system has rendered unionism a fragmented and competitive entity. Unable to effect the government's labour market objectives in 1981/82, the unions focused on and sought assistance from politics. The controversy about wage compensation for the introduction of the 39-hour week exemplified such a necessity most clearly. Instead of becoming a matter of autonomous compromise formation, the state was called on to intervene with regulation of its own. The intervention displaced collective bargaining from the resolution of a wedge issue, thereby diminishing the autonomy of industrial relations. The need to revert to state intervention illustrates how governmental regulation assumes subsidiary functions in collective bargaining conflicts. Moreover, such an approach cemented the interventionist tradition in the

French industrial relations system, irrespective of the incumbency of the government. As *Lange et al.* (1982: 71) put it: "If there is a 'web of rules' about industrial relations in France, then it has been predominantly spun by the state."

The Keynesian approach followed by the French socialists in 1981/ 82 provided unequivocal evidence of the limits and constraints of national economic and labour market policies. This is all the more true, when we take into consideration the unique position of French politics between 1981 and 1983. In fact, the political desirability of an active governmental involvement in labour market policies neither implied nor advanced, its economic efficiency. With the policy shift introduced in 1983, solutions to the sustained unemployment crisis were henceforth placed in the context of the internationalisation of the economy. As advocated by Fabius, solving the sustained employment crisis relied on changes in external markets and bringing economic policy more closely into line with those of its major trading partners. The demise of national policy making facilitated the transformation of various policy objectives and contributed to the relegation of labour market policies as subsidiary. In short, political voluntarism gave way to acknowledging the structural constraints under which France operated.

In the event, the emerging paradigm of world market competitiveness entailed the introduction of various modernisation prerogatives. This re-orientation substantially affected the premises and further course of French labour market policies. Instead of advocating work sharing through shorter hours policies, introducing public sector job creation schemes and remaining committed to the objective of full-employment, the French socialists' new agenda concentrated on improving firms' adaptation capacities by liberating them from rigidities and providing them with greater options in the field of industrial adjustment.

Drafting a comprehensive policy for accomplishing modernisation objectives demanded a high price from the relevant labour market actors. The breakdown of the central negotiations on labour market deregulation and working time flexibility in 1984 is a case in point: the collective bargaining organisations exemplified "the middle way between defending the Fordist logic and drawing up new agreements that are favourable to employment" (cf. *Boyer* 1988: 256). In the light of this failure the modernisation course was introduced without integrating the collective bargaining organisations into the political decision making process. This proceeding was determined by the fact that the abiding organisational fragmentation between the French labour confederations left the Socialist Government without union cooperation in major policy fields. Thus, repeatedly statutory legislation replaced collective bargaining in the resolution of key labour market issues.

In addition, the reform of collective bargaining institutions shaped by the *Auroux Laws* put the labour confederations in a paradox: while the institutionalisation of trade unionism in the company

gained somewhat from the reforms, de—unionisation advanced within the workforce. Besides, the five representative unions faced major challenges through the new recognition of the legitimacy of union action on the shopfloor while complementary reforms seeking corporatist arrangements at the branch and inter—industry levels were not forthcoming from the Socialist Government (cf. *Segrestin* 1990: 115).

The reality of expanding precarious employment patterns and enlarged temporal flexibility further presented the industrial relations actors with a new set of constraints and challenges. Almost a decade after the inter—industry bargaining rounds on working time policy opened, the pro—flexibility *Delebarre* and *Seguin* reforms illustrate how far the issue field under consideration had been transformed in scope and content. Confronted with such transformations the labour market actors repeatedly faced the task of enlarging their respective spheres of concertation while simultaneously coming to terms with the limits of their own and other policy resources. In the end, the limits proved too great.

Chapter V

Britain: From Pace—Setting Bargaining to Stagnation

1. Introduction

Given the various measures considered by the Labour Party and the TUC during the mid—seventies to confront the first oil price crisis and rising unemployment, it came as a surprise that both sides agreed to an anti—inflation programme which required voluntary wage restraint from the affiliated unions. While the Tories and neo—classical economists saw price stability to be re—established through restrictive monetarist and fiscal policies (cf. *Friedman 1977, Brittan and Lilley 1977*), the TUC—Labour Party Liaison Committee (established in 1972) preferred another trajectory. Their blueprint included union cooperation with a policy of voluntary wage restraint. The *Social Contract* institutionalised this collaboration in 1973.

Concerning its structural character — which shall be elaborated in more detail in the course of this chapter — the British system of industrial relations hardly seemed suitable for implementing a macro—economic policy which included as its core element incomes policy and union self—curtailment in wage formation. Of the structural features of Britain's unions and employers' associations at the outset of our study period, three are most prominent:

- Over 250 unions existed within the TUC during the 1970s. Inter—organisational competition over membership and collective bargaining strategies reinforced the highly fragmented nature of British unionism. Until the end of the 1970s trade union membership, in particular in the public sector, grew consistently (cf. *Undy et al. 1981*).
- Collective bargaining on pay determination is concentrated at the shop floor level. The move away from national agreements started in the 1960s, leading to a decentralisation of union bargaining structures and internal decision—making procedures that persists to the present day (cf. *Marsh 1992*). The influence of the union *shop stewards* at the firm level is unmatched in other Western European industrial relations systems.

- Because of union decentralisation, British employers' associations are traditionally weakly organised, and often lack the enforcement capacities to implement associational priorities among their member firms.

In what follows we shall review each of these particularities and draw out its influence on the opportunities and constraints of work sharing strategies in Britain between 1975 and 1990. This aim requires us to look closely at the specific institutional arrangement of the British industrial relations system. Here the capacity of unions and employers associations to act as positive contributors towards active labour market policies becomes especially important.

The change of government in 1979 and in its wake the major upheavals within the British system of labour relations adds to our institutional focus. For a start, the economic doctrine of post-war Britain was repudiated. Keynesianism constituted both an economic policy and an institutionalised mode of class-compromise formation. With Margret Thatcher taking office in 1979, the Keynesian consensus was renounced in favour of economic doctrines associated with monetarism. Of particular importance here is how such a U-turn in British policy making affected the balance of power in industrial relations. In other words, what were the consequences for union advocacy of work sharing when the explanation for unemployment shifted towards excessive pay settlements, and when statutory intervention sought to alter the institutional design of British labour relations ?

In order to address these questions the chapter is organised into three parts. First, I focus on the *Social Contract* as Labour's reaction to the evolving economic crisis. Only when the agreement on incomes policy between the last Labour Government and the TUC was rejected by member unions in 1978/79 did the issue of work sharing gain currency in British labour relations. This change of policy priorities constitutes a major event for our analytical purpose. The second part of the chapter treats the detailed elaboration of working time policies and the pre-eminent constraints that inhibited a second step towards the 35-hour week objective. It also includes an analysis of the effects and the perceived effectiveness of this and other labour market policies on the part of the key actors. By concentrating on distinct transformations in the British labour market and organisational changes within labour relations, the third part of the chapter illustrates why the re-entry of work sharing onto the collective bargaining agenda did not make significant headway. In this context, I treat the expansion of temporal flexibility as an environmental factor and I am mainly interested in how this factor makes its way onto collective bargaining agendas.

2. The *Social Contract* as Labour's Reaction to the Crisis

Under the heading of "Economic Policy and the Costs of Living" the *Social Contract* provided a wide range of social and economic measures¹. Distributional objectives were their focal point (cf. Marsden 1984: 384). As the Labour Party and the TUC pledged, they were committed to a "fundamental and irreversible shift in the balance of power and wealth in favour of working people and their families". To curb inflation, which reached 25 percent in the Spring of 1975, direct price controls were to take effect immediately. In exchange, the TUC would seek to temper unions' wage demands according to the overall state of the economy. In effect, the *General Council* of the TUC required its affiliated unions to "limit" their bargaining claims to the objective of *maintaining*, but not increasing, real take home pay (cf. TUC 1974: 17). Jack Jones, leader of the largest union within the TUC — the TGWU — and a main architect of the *Social Contract*, described the agreement as follows:

"A government which is prepared to tackle the problem of prices in the shops, rents and housing costs and put up pensions, will certainly get the co-operation of the trade union movement and there will be moderation" (citation taken from Jenkins 1987: 16).²

1) The *Social Contract* also called on the Labour Party to abolish the *Industrial Relations Act*. The legislation had been introduced by the Tory Government under Prime Minister Edward Heath in 1971. The act reflected the legal reading of the *Donovan Report* (1968). In 1965 the Labour Government had asked a Royal Commission (the so-called Donovan Commission) to investigate the prospects of reforming industrial relations in Britain, in particular the activities of the shop stewards. Numerous recommendations of the Commission later shaped an industrial relations bill (*In Place of Strife*) which the Labour Government sought to implement. However, after fierce rejection from the TUC, the legislation had to be repealed. The core conclusion of the *Donovan Report*, and the central objective of the *Industrial Relations Act*, consisted in a primarily state-induced restructuring of industrial relations (cf. Streeck 1978: 107ff.). Soon after the change of government in 1974 the legislation was abolished.

2) As Coates (1989: 86) claims "the initial version of the 'social contract' on which the Labour Party won the 1974 General Election must stand as a high-water mark of trade union political influence in the post-war years. The unions were not the only force pushing for that contract inside the Labour Party, but their support was vital to its adoption, and the resulting 'width' of trade union influence was as impressive as it was unusual".

In practice, operating the *Social Contract* gradually assimilated the unions into central fields of decision making on economic policy. But labour confederations within the TUC also had good reason to be wary of a direct involvement in politics in general, and a policy of voluntary wage restraint in particular. First, union influence in the political arena opens the door to governmental intervention in matters affecting the evolution of trade union policies. Earlier intervention had left a sour taste: negotiations on pay determination had been restricted by the legal incomes policy of the Conservative Heath Government in November 1972. Repeatedly, rank—and—file unionists had demanded a return to free, unrestricted collective bargaining.

Most importantly, however, none of the labour actors involved could ensure that their own commitment would be honoured by other unions, and in particular by the shop stewards. Such uncertainty is endemic in a fragmented and competitive system of industrial relations where distributional conflicts are primarily decided in decentralised bargaining arrangements. The uncertainty is exacerbated where national unions, like in Britain, lack enforcement resources to control the behaviour of their rank—and—file. In sum, TUC support for the Labour Government under Prime Minister Harold Wilson, which had taken office in March 1974 with a policy commitment to wage restraint, did not elicit unanimous approval within the union subdivisions.

The first wage demands voiced during the bargaining rounds in early 1974 quickly illustrated the magnitude and the futility of the task. In point of fact, the unions, shop stewards and employees expected feasible wage increases because of the changed political environment. The striking miners, who had contributed decisively to the Heath Government calling a general election, wrung out of the National Coal Board a 22 percent wage increase. Even the government's pay settlements in the public sector reached staggering levels: civil servants' wages increased by a third and manual gas workers negotiated a 34 percent pay rise.

The NUM lead—off was like a lightening conductor: a 'free—for all' ensued which catapulted upwards the wage—price spiral. This worrisome process was additionally fuelled by a legacy of the former Heath Administration. In November 1973 stage three of the state—regulated incomes policy had come into effect. So—called *threshold agreements* incorporated into the policy ordained that whenever the inflation rate increased by one percent wages would rise equivalently. These agreements became a fast—triggering form of wage indexation and the impact of higher oil price was compounded by large increases in nominal wages (cf. *OECD* 1988: 66).

Given this failure of a co—determined incomes policy between the Labour Government and the TUC during 1974—75, it came as a surprise that 1975 saw a second attempt to integrate the affiliated unions into a national system of wage determination. Moreover, against the odds, the attempt was widely successful! Two factors mainly explain this turnaround: the person of J. Jones, a

long-established and respected figure in the British labour movement (see *Scharpf's* 1991: 77 description); and the nature of the refined approach which he proposed. Concerning the former, the TGWU—leader

"was persuaded of the need for the TUC to embark on a new initiative. Fearing the consequences for international competitiveness and unemployment if no action was taken, and deeply concerned to keep the Labour Party in power, Jones proposed in May 1975 that pay increases for the 1975 round be limited to a flat—rate figure" (cf. *Boston* 1985: 77).

Jones' proposition had a twin interest: (i) to bring inflation, which was reaching Latin American dimensions, down to reasonable levels, (ii) and to prioritise distributional effects towards lower income groups via solidaristic wage moderation. The first objective was seen to be economically decisive, therefore being urgently welcomed by the inflation—ridden Wilson Government. Likewise, Jones' flat—rate wage strategy was a refinement of the *Social Contract* and found instant approval with those TUC unions which predominantly organised low—paid employees in the public and private sectors. Flat—rate incomes policies of six pounds a week for one year (starting in July 1975) as Jones' proposed implied average gains of 10 percent for qualified employees, while lower income groups would benefit by 20 percent and more. Hence, existing wage differentials were partly reduced. As *Scharpf* (1987: 107) concluded, "during the first year of incomes policy, in particular women....reached the goal of wage equation."

Tab. 1: Inflation, wages (changes in percent compared to the previous year) and unemployment (in percent of the labour force) in Britain 1974—1979

year	Inflation	Weekly— income ¹	Real wage	standard wage ²	unemploy— ment ³
1974	16.1	17.8	1.5	19.7	2.5
1975	24.2	26.5	1.9	29.5	3.9
1976	16.5	15.8	—0.6	19.3	5.4
1977	15.8	10.2	—4.8	6.6	5.7
1978	8.2	14.4	5.7	14.1	5.6
1979	12.2	15.6	3.0	14.7	5.2

1. All industries and services.

2. Employees in manufacturing (without seasonal adjustment).
On the basis of weekly income.

3. Seasonally adjusted, including school leavers.

Sources: *Central Statistical Office* (1987: 114), *Department of Employment Gazette* (1980a: 701), *OECD: Historical Statistics 1960—1986*.

As Tab. 1 demonstrates, between 1976 and 1978 real wage increases fell below the rate of price inflation.³ Politically this entailed that defection of individual unions from the wage guidelines was prevented. This interpretation is supported by the large majorities in favour of a coordinated wage policy which the TUC General Council and the TUC Conference of 1976 proposed (cf. *TUC* 1976: 341–379). In addition, opinion polls reflected widespread public approval (cf. *Sunday Times* 11.04.1976). Even the shop stewards – otherwise the most vigorous opponents of interference into wage determination – held ranks.

The poor shape of the labour market was an additional spur to union support for wage moderation. Between 1973 and 1977 unemployment increased from 500.000 to 1.6 million. Besides, policy makers and union leaders had nothing favourable to expect from three other options: (i) to overcome the recession with the power of economic growth alone, (ii) demographic trends in the labour market and (iii) the disproportional growth of long-term unemployment during the second half of the seventies.

The state of the economy in Britain from 1974 onwards frustrated the assumption that growth rates would be capable to single-handedly fuel a turnaround of the employment crisis. Structural changes in the labour market also gave a rather disturbing outlook. The number of people seeking entry to the labour market continued to grow throughout the seventies. Whereas 620.000 school leavers were registered in Britain in 1967, the annual cohort reached 750.000 a decade later and was expected to rise above 800.000 by 1979/80. In addition, the number of unemployed without a job for more than a year had increased to over 25 percent of the total by 1978 (cf. *Department of Employment Gazette* 1979: 1179). What the compiled data suggested, and what policy makers as well as collective bargaining actors gradually had to come to terms with, was that the employment crisis displayed structural characteristics which would not be overcome by the established assortment of policy tools. It is within this context, an extraordinary combination of pressing problems, that the acceptance of wage moderation at *all* organisational levels of the British union system constituted a unique situation. As *Boston* (1985: 79) analysed,

"there were strong moral pressures on trade union leaders and members to sacrifice their immediate wants and demands in the national interest, and equally strong pressures for them to abide by nationally agreed policies. Such pressures were magnified in this instance by the realisation that, unless they pursued a cooperative approach, the future of the Labour Government could be imperilled."

3) However, if the issue is manufacturing wages, then real wage increases only fell below the rate of price inflation for *one* year, namely in 1977.

Yet, the conditions for the government—labour consensus were short lived. In part, this derived from domestic problems and on the other hand from outside institutions which forced Britain to improve its books. The government quickly found itself out of favour with major OECD trading partners and increasingly encountered resource problems in sustaining its economic trajectory. The Labour Government had reacted to the repercussions of the oil crisis in a different way from the Germans and the Japanese. Instead of cutting expenditure to take account of the massive oil price increase in 1973/74, the Chancellor of the Exchequer decided to maintain public expenditure and borrow to meet growing budget deficits (cf. *Barnett* 1982: 23).

Amidst growing pressure from the IMF and the loss of its majority in Parliament, which entailed dependency on minority party support, economic policy under the new Labour Prime Minister James Callaghan⁴ underwent a dramatic U—Turn. Following the so—called 'sterling crisis' in 1976 the Labour Government had to seek a standby agreement with the IMF. The deflationary measures which followed entailed large cuts in public expenditure and tight monetary control. Whereas the reorientation of the operational guidelines of macro—economic policy making were not triggered—off by the IMF negotiations, "the discipline of the IMF was deemed useful for the implementation of socially and politically contentious policies like those decided upon in 1976" (cf. *OECD* 1988: 71).

The changed course of policy priorities entailed a major shift from the defence of employment to the stabilisation of the exchange rate and the reduction of inflation. Accordingly, the U—Turn implied a farewell to core elements of post—war economic policy—making in Britain. With inflation, at the expense of unemployment, capturing centre stage, Keynesianism and the maintenance of full—employment were weakened if not severed. Incomes policy became the indispensable supplement to expenditure cuts in order to fight inflation, while the government was unable to prevent unemployment from rising inexorably. Callaghan's move away from Keynesianism and the adoption of a limited range of monetarism as the basis of economic strategy set up a scenario for government—union relations which was unprecedented in the post—war evolution of British politics.

4) In spring of 1976 Wilson resigned. He was replaced by the former Secretary of State, J. Callaghan. Minority party support depended on the Liberal Party.

The Failure of Coordinated Incomes Policy

In the British context, coordinated incomes policies had a key weakness — they were only legitimate and applicable as a temporary instrument of crisis management. When they are sought to be kept in place as a regular policy instrument during a labour market crisis they increasingly become subject to adaptation tensions between the government and union leaders (cf. *Boston* 1985: 80). In situations of intensified politico-economic urgency like in 1976, wage moderation could be implemented because the strategy appeared reasonable with regard to its temporal limitation.

The longer voluntary wage restraint is to stay in effect, the more demands for modifications and criticism of asymmetrical pay-offs are voiced by individual actors involved in the trade-off constellation. In these cases, the challenges often derive from a central aspect of incomes policy: collective wage sacrifices draw attention to wage differentials. In other words, they aim the spotlight on what manual as against non-manual, skilled as against non-skilled, older compared to younger groups of employees earn, as well as how men and women are paid. Besides, wage restraint triggers off debate over the issue of who contributed with what degree of sacrifice to the success or failure of coordinated incomes policies, while others were fortunate enough to take a 'free ride'. The issue is most likely to re-surface on the agenda of labour relations when macro-economic indicators suggest better economic prospects, and when this turnaround is being attributed — at least in the perception of some collective actors — to the positive effects of wage moderation.

Precisely this conjunction of circumstances prevailed in 1977–78. By the Summer of 1977 nominal wages increased on an average 14 percent while price inflation slowed down to 13 percent, and dropped to a single digit in 1978. By contrast, real earnings decreased in two successive years. Income declines of the order of –0.6 percent in 1976 and –4.8 in 1977 were not only hard to accept for many employees, but also unprecedented, especially while a Labour Government was holding office (cf. *Department of Employment Gazette* 1980: 701). Furthermore, union leaders' and shop stewards' support for incomes policy began to wane considerably in the face of unaccomplished commitments from the government.

When the time came for a stock-taking of the *Social Contract* the union side argued that the *quid pro quo* for wage restraint had not been delivered by the Callaghan Government. Emphasising their own sacrifices and concessions⁵, union leaders perceived the macro-economic pay-offs as unsatisfactory. With unemployment figures remaining well above the one million threshold, the

underachievement in the field of labour market policies was pronounced. In addition, severe public spending cuts followed the consolidation measures worked out with the IMF.

In light of this disillusioning assessment, union congresses voted in 1977 against a continuation of unilateral wage moderation. Likewise, the annual TUC Conference passed a motion which stipulated that the upcoming pay round would be one of unfettered collective bargaining. But the government proved uncooperative and sought to further trade tangible wage gains for concessions in macro-economic policy making. As Callaghan remarked: "I say to those who are calling for a return this year to free collective bargaining that in my view that would be a return, to *free collective chaos*" (cf. *Jenkins* 1987: 20, my italics.).

The beginning of the end of wage moderation took place in the public sector. Parallel to a strike by lorry drivers, industrial action started at the Ford Motor Company in September 1978. The agreement reached two months later included a 17 percent wage increase. The pay settlement provided the 'take-off' for similar claims in the private sector. As *Boston* (1985: 82) claims, the effect of the settlement was that "from this point onwards everything went against the government". TUC unions answered the symbolic question posed in 1974 by the former Primer Minister E. Heath "Who rules Britain?" in their own way: waves of industrial action over pay bargaining shook the country initiating what came to be termed the *Winter of Discontent*.

But the working class militancy proved to be a double-edged sword. As much as it suggested that the Labour Government was running out of capacity to influence union wage demands, the union leaders were also encountering legitimization problems. The breakup of the *Social Contract* had a specific intra-organisational hue, reflecting both (i) the internal weakness of the TUC vis-à-vis its affiliated unions, and (ii) that union leaders could no longer honour their commitment in the face of growing resentment on the shopfloor. The first refers in particular to the institutional complex of unionism in Britain. The TUC lacks the resources to enforce decisions on individual unions, in particular large unions like the TGWU. Furthermore, the confederation has a limited influence over sanctions like industrial action and non-cooperation with the implementation of government policies, which are both controlled by the individual unions (cf. *Marsh* 1992: 34).

5) How far apart political and union perceptions were on the issue is best illustrated by the interpretation of J. Barnett, former Chief Secretary to the Treasury. As he recalls, "to my mind the only give and take in the contract was that the government gave and the unions took" (cf. *Barnett* 1982: 49).

Besides, it has to be borne in mind that the dominance of enterprise—level bargaining, and the power position held by shop stewards therein, had been interfered with by the *Social Contract*. Thus, the regulatory competence of shop stewards on pay structures with management was circumscribed by the principles of centralised incomes policy. If the shop stewards are repeatedly stripped of this fundamental competence, then the alternative is either to re—establish the principle of free collective bargaining, or to remove power resources and established customs from the firm level bargaining system. In effect, the intra—organisational conflicts which the TUC faced when trying to continue implementing the *Social Contract* demonstrated the relatively weak influence of the national union leadership upon its various constituents. As Hall (1986: 83) observed,

"the Trades Union Congress had just enough authority over its member unions to persuade them to accept a period of restraint in the face of a serious economic crisis. However, it did not have enough control over the rank—and—file to prevent serious challenges from eroding the policy within a year or two. A powerful layer of shop stewards...and the presence of competing unions gave the individual unions more incentives and power to break from the policy so as to protect wage differentials."

The refusal of the union rank—and—file to continue supporting coordinated incomes policies shines a bright light on the institutional constraints of distributional policies within the British system of industrial relations. Incomes policy and repeated wage discipline of the shop stewards are not only central preconditions for work sharing strategies but also entail addressing major properties of British industrial relations. But to do so, statutory action would have to be forthcoming. However, such legislation was not feasible anymore since the Labour Government had abolished the *Industrial Relations Act* in 1974.

Thus, instead of integrating the unions into a national system of wage determination, the pay revolt during the *Winter of Discontent* contributed to the organisational disintegration of the TUC at the national level, and the return to the previous format of wage bargaining at the local level. Shop stewards not only waged a series of strikes which increasingly eroded the authority of the state, but also enlarged their power position over wage determination at the expense of hapless national union leaders. The industrial militancy shattered the feasibility of the national incomes policy and manifested the considerable veto power which the union rank—and—file could bring to bear. Yet, such militancy seriously put the credibility of the Labour Government into question and strengthened the determination of the Conservative Party in opposition to seek a new focus in industrial relations policy.

The Change of Government in 1979

Following the May 1979 General Elections, the political and institutional geography of Britain was thoroughly reshaped by what henceforth came to be labelled the *Thatcher factor*. With the new Conservative Prime Minister — Margaret Thatcher — came 'conviction politics', and the unions were among the first to experience what this implied. According to her political conviction free collective bargaining between the two sides of industry was completely acceptable. However, there was a distinct sting in its tail. With unemployment rising to over 12 percent, the government attributed it to excessive pay settlements. Thus, by tolerating a rising level of unemployment the government's new approach was used to discipline the unions and shop stewards. In the wording of Sir Geoffrey Howe, the first Chancellor of the Exchequer in Thatcher's cabinet,

"if workers and their representatives take pay decisions, which are unwise because they seek too much, they will find they have crippled their employers and gravely harmed themselves by destroying their own jobs" (cf. *Holmes* 1985: 98).

Seen from this perspective, rising unemployment and increasing inflation were the result of union policies that ignored macro-economic realities and enterprise level requirements. Under the conditions of a tight monetary environment which the Thatcher Government introduced in 1980, unions' 'irresponsible' wage policies would price their rank-and-file out of existing jobs. Hence, economic policies which focused on rigid targets for monetary growth and maintained a low public sector borrowing requirement (PSBR) provided ample opportunities for indirect action against the unions. In addition, Thatcher's resolve included a firm repudiation of any kind of governmental commitment to bargain with the unions. As she noted with regard to the *Social Contract*: "No Government should bind itself by an agreement with a minority sectoral interest so as to lose its freedom of action on matters affecting all the people of the country" (cf. *Kahn* 1985: 27). In short, labour organisations had to come to terms with the 'factum brutum' that the Thatcher Government was unequivocally renouncing the post-war Keynesian compromise between welfare state provisions, full employment policies and the incorporation of unions in both the industrial and political arenas.

During its first year in office, the Conservative Government did not intervene directly into the industrial relations system. Rather, recasting the parameters of economic policy—making assumed centre stage in 1979–80, and "union reform was no more than an adjunct to monetary policy" (cf.

Marsh 1992: 65). The government placed its faith in the disciplinary effect of rising inflation rates and increasing unemployment. Between 1979 and 1981 unemployment doubled from 1.18 to 2.29 million.

The need to "solve the union problem as the key to Britain's recovery"⁶ was first exhibited in various nationalised sectors and then after a Cabinet reshuffle in September 1981.⁷ Following a severe industrial dispute against mass redundancies and for wage increases, the ISTC had to give in to real wage cuts and so-called *reorganisation schemes*. In 1981 an extended strike of the general civil service unions followed, and in 1982 the NUR as well as employees in the *National Health Service* organised protracted walk-outs. However, in each case the strikes failed, while Thatcher's conviction politics increasingly demonstrated that the unions were being isolated in the political and industrial arena.

While the Labour Government and the TUC had agreed during the *Social Contract* that income differentials were to be narrowed, the neo-liberal policy prerogatives renounced coordinated wage policies, refuted union participation in governmental decision making and stipulated the notion that income disparities should reflect individual effort. The most noticeable distributional change concerned the government's negligence of continuously rising mass-unemployment at the beginning of the eighties. Besides, the jobless encountered various restrictions concerning the duration, scope and availability of unemployment benefits (for more details see *Hepple 1987: 280*).

In legislative terms, redressing the balance of bargaining power in both the industrial and political arenas was concentrated on the (i) relationship between union members and the organisational leadership as well as (ii) the unions' negotiation resources vis-à-vis employers' associations. In order to resolve the problem of compliance with the policy the legislation was introduced in stages and the emphasis focused on its enforceability (cf. *Tebbit 1988: 184*). With the *Employment Acts* of 1980 and 1982, the *Trade Union Act* of 1984, the 1988 *Employment Act* and the 1990 *Employment Act*, the government's legislation focused on six areas: (i) outlawing secondary picketing, (ii) removing the blanket immunity enjoyed by unions, (iii) narrowing the definition of a legitimate trade dispute, (iv) gradually removing the legal basis of the closed shop, (v) requiring

6) Title of a pamphlet by Sir Keith Joseph, published in the run-up to the General Elections in 1979.

7) Norman Tebbit succeeded Jim Prior as Employment Secretary. His appointment was generally considered as a statement of intent towards the unions: to assert government authority in industrial relations and introduce new legislation.

unions to hold secret ballots for the election of officers and industrial action, (vi) extending individual unionists' rights vis-à-vis their unions, for instance when refusing to go on strike or when crossing picket lines.

The step-by-step transformations had a cumulative effect. Recasting British industrial relations mainly affected intra-associational procedures of consensus formation and membership requirements. In this regard, the legal balance between unions and employers was considerably altered. In addition, the government's intervention rested on a twin interest: making the unions' capacity for action more predictable, and linking industrial relations to the macro-economic priorities of the political system. While the former directly affected intra-union mobilisation patterns and bargaining procedures, the latter objective advanced the "democratisation" of labour organisations (cf. *Clark 1985: 163ff.*). Giving the membership a greater say in unions' policy formulation thus stipulated stronger rank-and-file participation rights and aimed at enhancing intra-organisational policy moderation.

Having outlined the macro-economic policy changes and the phased transformation of the industrial relations system, we shall now turn to the issue-building process of working time policies as it evolved from the mid-seventies onwards. As shall be illustrated, the union claim for an hours' reduction did not gain any ground under the last Labour Government. The work sharing demand only gathered momentum when the institutional and politico-economic environment was undergoing significant transformations. But these alterations chiefly saw employees, shop stewards and unions as the losers of the changed rules of the game. Not only did the Thatcher Government reject any forms of cooperation with the labour organisations in the field of work sharing, but it also unequivocally renounced the commitment to full-employment policies. Under conditions such as these, introducing work sharing as a redistributive objective implied major challenges and constraints amidst a limited range of strategic choices.

3. Agenda Setting of Working Time Policy

The Take—off in 1977

The objective of reducing standard weekly working hours had been on the shopping list of TUC unions since 1972. At its annual Conference of that year the claim included a working week of 35 hours in all industrial sectors with the long—term objective of a 32—hour week. Such shorter hours objectives were supplemented by the goal of a four week holiday, as well as early retirement schemes (cf. *TUC* 1972: 554). Such a mix of working time demands illustrated that no clear priority existed. The shopping list included something for everyone: more leisure time for the young, longer holidays for families and improved retirement schemes for elder employees. In general, the working time demands focused on *quality of life* aspects. Thus, the objective of *work sharing* had no significance during the initial phase of the issue—building process. But neither did the demands as such gain any ground within the industrial arena. Only from 1977 onwards was the 35—hour week turned from a slogan into a strategy.

Once the Callaghan Government had changed direction in 1976/77, the TUC could no longer expect that public sector expenditure, for instance in order to implement job creation schemes, would compensate for the rising tide of unemployment. With the labour market situation showing no signs of an upturn during 1977—1979, while the macro—economic policy options of the Labour Government were constrained by the conditional loan of the IMF, the TUC unions faced a critical conjuncture: unions themselves had to provide innovative approaches which would be capable of confronting unemployment. The search for alternatives included

"a phased transition to the 35—hour week (which) could have a larger effect in reducing the present mass unemployment and avoiding long period unemployment than *any* other measure or combination of economic measures that has been proposed in Britain. Depending on the bargaining approach adopted, this might be *largely* achieved within two to three years...there could not be a better time to go over to the 35—hour week" (cf. *TURU* 1977: 1—2, my italics).

The clarion call of the TURU research institute, which was closely associated with the TUC, was warmly appreciated by the leader of the TGWU, J. Jones. Accordingly, during the London Conference of the ETUC in 1977, Jones called for a ten percent reduction of working time on the basis

of a coordinated international approach (cf. *Evans* 1979). But European level demands did not receive the same degree of support at domestic union conferences. At its 1977 Congress the TUC vigorously debated a return to free collective bargaining and urged the Callaghan Government to initiate a reflation programme in order to confront industrial decline and rising unemployment. Only ranking sixth on the list of policy priorities, the motion carried the following demand:

"In accordance with the objectives of the ETUC, Congress calls on the affiliated unions to give priority to an *early* reduction of the working week to 35 hours without loss of pay. In addition, curbing overtime is to be reached wherever it seems *practical*, and where extra hours are introduced as an alternative to job creation" (cf. *TUC* 1977: 588, my italics).

The ranking and content of the resolution demonstrated that a policy of working time reduction faced reservations within the unions. In addition, possible work sharing objectives rather focused on provisions monitoring the curtailment of overtime. While the 35-hour week target was not in principle rejected, the TUC resolution lacked commitment from the individual unions. As Len Murray, the TUC General Secretary told the 1977 Congress:

"To go in the direction of a reduced working week has social and economic priority. However, it is not the *principal* answer to economic stagnation because while the economy stays stagnant work sharing would be of little *real* benefit to our *members*. But if we bring growth back to our economy, then the increase of the production potential of our industry through new technology can be linked with a reduction of the working week, additional employment and the improvement in the standard of living" (cf. *ibid.*: 458, my italics).

Murray's line of argumentation not only illustrates a certain caution and moderation as regards work sharing effects, but also "that Congress House was putting forward employer arguments" (cf. *Taylor* 1978: 453).⁸ In addition, his statement reflected the sustained attachment of the TUC to the Keynesian logic of economic policy making. Together with the TUC's demand for a government sponsored reflation programme, Murray's accent on economic growth targets showed no acknowledgement that the Keynesian option of deficit spending had been unequivocally ruled out by Callaghan since 1976. Accordingly, work sharing proposals were of but secondary importance on the TUC's shopping list. The measure was considered as a bargaining supplement, while the TUC expected to get the most mileage out of a combination of economic growth, technological innovation and the increase of production potentials.

The defensive nature of the TUC's formulation of working time demands was congruent with the existence of differentials in the working time standards of union members. This central characteristic in British collective bargaining made it necessary for the TUC—General Council to avoid the formulation of a specific working time target:

"Given that different groups of workpeople have different normal working hours at present, it would be *wrong* for the General Council to express an unambiguous target for 1978/79 for all groups. The TUC's objective is for a 35-hour week but certain groups may have to consider a phased reduction towards this target" (cf. *ibid.*, my italics).

If the TUC's position was reserved, if not sceptical, then the Labour Government's view of work sharing was even more cautious. The administration's *White Paper* in 1978 provided little encouragement for those seeking to spread the idea of work sharing. Rather, the document argued that a shorter working week could not involve a rise in net unit costs of more than five per cent. In addition, the reduction would have to be offset against the yearly pay rise figure foreseen within the framework of the incomes policy. So the Callaghan Government tried to lay down principles to which any collective bargaining unit would have to adhere *while* the Social Contract was in existence. As the government pointed out, its position on work sharing would have been more promising, "if all our major international competitors implemented an equivalent reduction at the same time". This not being the case, work sharing "does not compare favourably with the special employment measures now being operated by the government...these approaches carry high risks of upsetting the major objectives of controlling inflation and maximising the rate of recovery" (cf. *Department of Employment Gazette* 1978: 401–402).

Considering the responses of both the Labour Government and the TUC, the work sharing objective seemed unlikely to have a major impact as an innovative weapon to counter the labour market difficulties. While the government was first and foremost concerned with curbing inflation and holding the line on future pay policies, the TUC clung to solutions from the increasingly out of vogue Keynesian paradigm. So, the Labour Government was politically unwilling and economically unable to further consider measures advocated and expected by the TUC.

8) The 1978 TUC Economic Review acknowledged that an hours cut would result in a "substantial" increase of unit labour costs for the employers. Unless the move was phased and Britain's competitors went along with it, "it will damage the country's export competitiveness" (cf. *TUC* 1978: 453).

The TGWU was the first union to cast doubt on the coordinated incomes policy in 1978. During its annual Congress in that year, the most emphatic supporter of the Social Contract — J. Jones⁹ — had to acknowledge that further wage moderation lacked intra—union approval. The symbolic importance and political implications of this admission were promptly registered by the other TUC—unions. One after the other, the union Congresses passed motions which renounced the Social Contract, and called for a return to free collective bargaining.

While the TUC—unions were refuting the burden of self—*obligation* in coordinated incomes policies, they were nevertheless willing to put on record their self—*moderation* in the field of working time reduction. Within this scenario, cost—neutral and phased working time innovations found inter—and intra—union consent. After four years of incomes policy, the unions first sought to recapture their autonomy of action in pay determination. But in the same breath, they were willing to compromise with the Labour Government and the employers as regards the settlement of working time agreements.

Such a bargaining approach was pursued in the breakthrough settlement in the engineering industry in 1979. However, the engineering unions faced a new, quite different, government. With M. Thatcher holding office in 10 *Downing Street*, a Conservative Government began to confront the dismal consequences of the *Winter of Discontent*. Their guiding belief was that established and consensual relations with unions were unnecessary. Given the pace—setting nature of the engineering agreement we shall focus our analysis on the making and content of this hours settlement. The usefulness for the present study is further underscored by the manner in which the engineering agreement was arrived at. Extended negotiations and prolonged industrial action amidst a new political context put to the test employers' solidarity to refuse, and union determination to win a reduction of basic working hours.

9) The TGWU—Congress was dominated by the resignation of Jones, who wished to retire. It was, nevertheless, noteworthy that the charismatic union leader stepped down while the TGWU—delegates rejected the prolongation of a policy that had carried his signature.

The Breakthrough Agreement in the Engineering Industry

After the EEF and the CSEU¹⁰ agreed to a national contract in 1979 which provided for the introduction of the 39-hour week by 1981, the TUC *Campaign for Reduced Working Time* gained momentum. While the industrial relations actors had waited for a branch to make the first step, the take-off in the engineering industry and the subsequent dynamic spreading to other sectors and groups of employees propelled shorter hours to the forefront of British labour market policies.

But the breakthrough in the engineering sector also gained significance for other reasons. Next to the contents of the contract, the manner in which the compromise was reached was noteworthy. Prolonged industrial action lasting over ten weeks was necessary until both sides finally agreed to a new national contract. Thus, focusing on the inter- and intra-organisational consensus problems *during* the conflict is sociologically fruitful for two reasons: First, a manifest preference for the CSEU-working time claims was not the prime reason for the rank-and-file support for the strike. Rather, the union leadership was able to mobilise the shop stewards, and these again the rank-and-file on grounds of and appeals to union loyalty in a prolonged industrial struggle. This form of *organisational patriotism* labelled - "my union, first and last" - accounts for the second aspect of our elaboration: the engineering employers profoundly underestimated the inner-union solidarity resources and its ability to mobilise rank-and-file support. In effect, it was the employers' solidarity which crumbled first.

Working Time Interests of the Employers

Advocating employer unity and categorically rejecting firm level agreements on working time reduction was both the strategic priority of the CBI¹¹ as well as its core dilemma. This becomes comprehensible in the light of certain structural features of British employers' associations. In 1979 over 190 registered employers associations existed in Britain (cf. *Certification Office* 1979: 4). The

10) The CSEU is a national confederation of 11 engineering unions which annually negotiate with the EEF on pay and working conditions. These primarily cover national minimum pay rates, overtime compensation, shift premiums and holiday entitlements.

quantity and heterogeneity of employers' organisations leads to an extensive pluralism of interest representation which in turn contributes to complex and divergent collective bargaining strategies on the employers' side. Thus, overcoming both associational heterogeneity and fragmentation while establishing a uniform body of interest representation marks the central challenge and the core constraint of British employers. This objective was reflected in a policy statement issued by the former CBI—President, Sir John Hedly—Greenborough:

"employers must find ways of working together for greater solidarity, so that they are not picked off one by one. This is one of the major themes on which we in the CBI will be working" (cf. *CBI* 1978: 3).

Furthermore, the CBI embraces members from both the private and nationalised industries. With the latter receiving full membership status in 1969, the CBI explicitly acknowledged a *fait accompli* of the British post-war economy: the existence of a large nationalised sector, and thus of a *mixed economy*. In terms of policy approaches the integration of members from the nationalised sector repeatedly contributed to major intra-associational consensus problems. By their very nature, the nationalised industries "tended to adopt a more corporatist, social democratic standpoint on issues such as industrial relations" (cf. *Leys* 1985: 14). In contrast, the members from the private sector, who outnumber those from the nationalised industries, advocated a more intransigent position against unions.

The CBI's policy guidelines on working time reduction can be understood in the context of achieving intra-associational solidarity. Employers' intransigence towards union claims for shorter hours was to serve as a test-case for organisational unity. In the face of growing union pressure to put working time reduction on the agenda of collective bargaining rounds, the central organisation of the British employers submitted policy guidelines in 1978 which unequivocally rejected the union claim:

"The CBI is strongly opposed to *any* reduction in normal working hours at the *present* time...It is essential that all *employers stand firm* on this issue...Working hours are most usually the subject of *national* and not company negotiations; claims for reductions in hours submitted locally must be resisted" (cf. CBI—Guidance on Stage Four. Citation taken from *TURU* 1978: 1, my italics).

11) 1965 proved to be a turning point in the associational history of the British employers. The *British Employers Confederation*, the *Federation of British Industries* and the *National Association of British Manufacturers* merged into the CBI (cf. *Grant* 1983: 69ff.).

Yet, the first major opportunity to put employers' solidarity to the test — the engineering negotiations — illustrated that the objective of rank—and—file unity was unfeasible. The core reason for this failure, and thus the dominance of associational autonomy at the branch and firm levels, was in the missing collective bargaining authority of the CBI. Unlike the French CNPF and the Belgian FEB, the British CBI has no competence to set norms and standards in the field of collective bargaining. As a result, the central employers organisation is more a spokesperson of business interests than a collective bargaining actor. Since the CBI cannot negotiate with the unions, the affiliated members retain "their prerogatives as the bargaining agents of employers" (cf. *Armstrong* 1984: 52).

The CBI has sought to compensate for this limitation in associational authority by participating in tri—partite institutions. Its favoured arena for demonstrating associational authority and establishing patterns of consultation with the TUC and the government was the NEDC. This arena for tri—partite consultation was founded in 1962 by the Conservative Government. The forum predominantly dealt with macroeconomic policy problems and garnered substantial public attention during the period of the Social Contract. However, the NEDC never became an institution for the implementation of policies (cf. *Hall* 1986: 87).

The national engineering agreement of October 1979 — which was regarded by all actors as the breakthrough on working time reduction — reinforced the limited competence of the CBI. Still, the limited organisational resources at the national level were compounded by constraints and impediments of the branch association to overcome managerial autonomy of decision making at the firm level. The course of the negotiations and the prolonged industrial action that followed highlighted the fact that the engineering federation could not obligate its members on specific policy guidelines.

In order to fully comprehend the strategy of the EEF during the national engineering strike in 1979, it is necessary to consider the configuration of membership relations within the federation. Membership status of individual firms in the engineering industry is first established on a regional basis, within the so—called Employers' Associations. These combine to a Federation, i.e. at the national industry level, the EEF. As *Prigge* (1987: 146) has shown, organisational density within the EEF improved consistently during the seventies. Yet, the EEF's bargaining position and its representational strength would have been stronger had numerous large engineering enterprises also affiliated to the Federation. In particular North American multi—nationals like *Ford Motor Co.* and *Vauxhall* are not members of the EEF. Such companies prefer to maintain entrepreneurial independence in their industrial relations (cf. *Armstrong* 1984: 57).

Accordingly, the existence of two widely unrelated bargaining and regulatory systems renders certain associations and individual member firms in an exceptional position within the EEF. This is

most true of the automobile industry, and therein especially of *Rolls Royce* and *British Leyland*. The extraordinary position of the car manufacturer is reflected in two characteristics of the EEF's structure. For one, as the engineering dispute demonstrated, unions usually target a select number of highly symbolic sites for industrial action. By targetting the flagships of the industry, the Federation was prone to substantial internal pressure. On the other hand, the more authority is based at the company level, or located outside the EEF, the more union bodies at the firm level can eventually force substantial concessions from management. As a result of this particular conflict logic, the outcomes concerning pay and working conditions will differ considerably from the provisions established at the national level. The resulting erosion of associational authority was most evident in the field of local agreements reached independently of EEF guidelines.

Working Time Preferences of the Employees

The collective bargaining round between the CSEU and the EEF started in December of 1978. While the *Winter of Discontent* was entering its second month the engineering unions demanded (i) a reduction in the working week to 35 hours without loss of earnings, (ii) a minimum of five weeks of annual holidays and (iii) a new *National Minimum Time Rate*¹². The triptych of claims indicates that the engineering unions were only making one specific wage demand on the national level. With this self-curtailment the CSEU acknowledged that re-establishing free collective bargaining on pay was a competence reserved to the shop stewards. But neither rank-and-file unionists nor the CSEU-leadership could be sure that their social base would support the bargaining agenda.

Taking into consideration the real wage losses and growing labour market problems yielded by economic development since 1975 crisis, employees were unlikely to favour longer blocks of leisure time. Data from the *General Household Surveys* between 1974 and 1976 confirmed the overall uncertainty of worker preferences in relation to an hours cut. However, the survey also showed that further income sacrifices were explicitly ruled out of the menu of options. The responses to the question: "Pay and hours — How satisfied are you?" underlined a growing dissatisfaction with the development of wages, yet revealed that workers' perceptions of the hours issue did not suggest any preferences for change (cf. *Butler* 1977: 906ff.).

12) The *National Minimum Time Rate* specifies basic hourly wages in the engineering industry. The rate also applies for those companies who are not members of the EEF.

Aggravating the union campaign for reduced working time was the number of extra hours worked, especially by manual men in engineering. Two factors are relevant. For one, the extra hours compensated for wage losses as a result of the incomes policy. Additionally, in spite of the employment crisis, 29 percent of manual workers put in 45 hours or more during the week in 1977. 20.2 percent of the manual workers even extended their standard weekly working time by eight hours or more, hence practically working a six-day week schedule (cf. *TUC—Progress Report* 1979: 4).

Given the amount of extra hours in the engineering industry it is comprehensible why the overtime issue was not on the agenda of the CSEU—working time demands. The inter- and intra-associational process of consensus formation was not to be burdened with a claim which would have increased the compromise costs and required additional sacrifices from the employees. Yet, relinquishing complementary regulation on overtime levels left a central adaptation option of management in the field of working time organisation untouched.

Next to the obvious shortage of enthusiasm for working time reduction on the workers' side, the CSEU faced a state of unpredictability regarding the rank-and-file appetite for industrial action called in August 1978. How could it be otherwise: there had been no strike-ballot and the walk-out was simply proclaimed by the CSEU-leadership. Irrespective of the undemocratic procedure, the union representatives at the firm level were able to mobilise a degree of loyalty which the employers underestimated. Not only did they expect the engineering unions to divide in the course of the strike, but the EEF also committed a strategic error during the industrial militancy when it sought to separate steward bodies from the national union leaders (cf. *McIntyre* 1979: 26). In consequence, the strategy of breaking-up inter- and intra-union solidarity backfired on its protagonists and reinforced rank-and-file determination. The employers' intransigency and provocative strategy gave

"the stewards [the feeling] that management had been totally inflexible, one saying that "I could go on bread and water if need be". In other words, the sense of being in a fight strengthened the stewards' resolve not to give way" (cf. *Edwards and Scullion* 1982: 60).

Organisational patriotism and shop floor resolution to meet the employers' confrontation were supplemented by a distinct political instrumentalisation of the strike at the national level. As the walk out went into its fifth week the annual TUC Congress was staged at a crucial time. The unions were in the course of digesting the meaning of the Tory victory and of pondering the future direction of the country under the Thatcher Government. Given the changed political constellation, the engineering dispute was not only symbolic in terms of the *TUC Campaign for Reduced Working*

Time. The breakthrough at the national industry level was the fuel to give the TUC campaign the necessary momentum. Furthermore, the strike was seen as the first showdown with a Conservative Prime Minister who had relentlessly campaigned with the notion "that Labour does not work". A delegate of the *National Union of Sheet Metal Workers* expressed the political implications most clearly:

"what I want to use my few moments for is to speak about the desire of workpeople to fight against this Government's policies, and to give as a particular example the present struggle of the engineers that has been waging for the past five weeks...I say now, let the call go out to the engineers who are in the middle of their struggle and need your support to lift them for the next round; let the call go out to all workers who will be engaged in the struggle in the months ahead: *summon up the blood*, stiffen the nostrils, let the Tories come from the four corners of this country and we will *shock* them" (cf. *TUC* 1979: 518, my italics).

This lengthy quotation well illustrates how the engineering strike also served political purposes. In the end the engineering unions demonstrated an impressive sense of unity and solidarity. Such resolution proved too much for the numerous employers who increasingly gave in to union demands at the local level, thereby signalling their willingness to reach a compromise independent of EEF guidelines. But the roots of employer capitulation lie outside working time issues. Rather, the longer the strike endured, and the more employers' intransigence helped cement union—employee loyalty, the greater the risk to established plant level bargaining relations. Instead of continuing to pursue a confrontation course managers opted for compromise because they had already invested significant resources in establishing a viable bargaining relationship with shop stewards, and did not want to jeopardise the stability of this arrangement in responding to the strike (cf. *Edwards and Scullin* 1982: 60).

The growing number of firm level agreements — the TUC reported 250 engineering employers conceding the full claim (cf. *TUC* 1979: 518) — had major repercussions within the EEF. For one, the Federation had to decide if such members would have to be expelled from the EEF. More important however was the glaring lack and further loss of associational authority during the national bargaining rounds. With bargaining arrangements such as these the national engineering contract which was finally signed in October 1979 only provided an orientation framework. While the reduction to 39 hours was established as the new common standard, individual firms were free to introduce larger hours cuts. As a concession to the employers and mindful of the regulatory competence of the shop stewards the CSEU agreed to introduce the hours reduction from 1981 onwards. Hence, company actors were given a two year leverage for industrial reorganisation along the lines of efficiency bargaining. Finally, the duration of the contract guaranteed that further claims concerning working time reduction could only again be put on the agenda in 1982.

4. Outcomes of the Campaign for Reduced Working Time

Characterisation of the Agreements

Where national industry and/or firm-level agreements provided for a reduction of working time between 1981 and 1984, the scope of the settlements was wide. At least three types were involved: (i) catching-up effects, i.e. lagging sectors gradually introducing working time reduction, (ii) the harmonisation factor, i.e. the objective to reduce working time differentials, (iii) pace-setters in working time reduction. The classification illustrates that in the wake of the breakthrough in the engineering industry very different repercussions energies unfolded.¹³

Tab. 2: Changes in standard weekly working time for employees in manufacturing between 1978 and 1987

Year	Workers in 1.000 ¹	Average weekly WTR. ²
1978	127	2.5
1979	35	5.3
1980	489	1.2
1981	3,230	1.0
1982	1,949	1.1
1983	1,614	1.1
1984	1,024	1.0
1985	149	1.0
1986	147	0.8
1987	110	1.5

1. Number of workers affected.

2. Average weekly working time reduction in hours.

Source: *Department of Employment Gazette* 1987: 132.

13) For the various company examples see the settlement register of the *Pay and Benefits Bulletin* databank regularly published by the IR-RR between 1982 and 1984.

As table 2 illustrates, only following the engineering agreement did the collective bargaining process on working time reduction gain momentum in Britain. In terms of the scope of the cuts in standard working time, the hours round reached its peak between 1981 and 1984. However, more extensive coverage led to smaller reductions in working time. Hence, once lagging sectors had gradually brought themselves into line with the general move to 39 hours, the *Campaign for Reduced Working Time* gradually lost impetus.

The harmonisation of pay and conditions became a key issue, resurfacing during the hours round as one of the primary regulatory problems. While the move towards harmonisation received instant support from skilled workers, it simultaneously triggered—off cross—class tensions, especially on the part of white—collar employees and their union representatives (for instance Apex, Tass and ASTMS). Thus, reductions for manual workers equalled an erosion of differentials in the eyes of many staff employees. In response white—collar unions sought to preserve their relative position either through a reduction in hours, or, failing this, financial compensation. According to the employers' association in the chemical industry (CIA), the harmonisation issue was the prime reason for agreeing on working time reduction. As the CIA claimed,

"much progress has been made in current years towards the harmonisation of the conditions of employment of staff and manual workers. The length of the normal working week is an area where for the most part a differential still exists and the reduction to a 38—hour week for manual workers will substantially reduce or close that gap...However, the reduction may provoke claims from staff for a restoration of the differentials in terms of working hours" (cf. CIA 1982: 2).

In practice, staff unions focused on maintaining existing differentials in working time standards between white and blue—collar employees. Otherwise, substantial income concessions made by management to staff enabled employers to buy—out the claim for an hours cut. It was a utility trade—off classic: the more the individual benefits of such wage increases outnumbered advantages resulting from a reduction of hours, the greater was the likelihood that the reduction claim would be dropped, i.e. bought—off.

In that respect, the compromise patterns spoke of a specific regulatory dilemma should a (second) hours round be put on the agenda. If unions representing manual workers called for (further) working time reductions, then white—collar labour organisations reacted by claiming parallel reductions in order to maintain their differentials. In effect, this competition virtually excluded any attempts for a second hours round. Accordingly, employers used the intra—union controversies on differentials as a tool against further agreements on working time reduction (cf. CIA 1982: 4).

In contrast to the harmonisation disputes, so-called 'big-bang' reductions of pace-setters closed the ranks of and between TUC unions. Pace-setter agreements played a prominent role in the hours debate because of their exemplary character. In order to popularise the *Campaign for Reduced Working Time* the TUC repeatedly claimed in its *Progress Reports* that lagging sectors should follow the lead established by pace-setters. In other words, such 'leaders' served the purpose of advancing the dynamic of the campaign to other affiliated unions, sectors and groups of employees.

By far the most important success of the TUC beyond the 39-hour threshold concerned the agreement introducing the 32.5 hour week at *Westland Helicopters* in 1984. Labelled as a "major breakthrough in the engineering industry", the contract provided for (i) a reduction of working time from 37 to 32.5 hours, (ii) those working shifts did not receive an effective reduction of hours but rather a week-off every five weeks, and (iii) special bonus entitlements if the employee accepted to work in shift systems during four years. The Westland contract was emphatically welcomed by the TUC General Secretary L. Murray. With regard to the emulation effects that such pace-setters offered, Murray stressed that

"the agreement represents a big and welcome step forward in the campaign for shorter working hours which is now gathering momentum, not only in Britain, but throughout Europe" (cf. *TUC-Progress Report 1984a: 2*).

The optimism accompanying the campaign in its initial phase faltered the more the 39-hour week became the new standard in collective bargaining. Between 1981 and 1984 pace-setters were portrayed as propitious examples of the successful working time policy of TUC unions. Thereafter, however, they were more evidence of the failure: few remaining exceptions of a campaign which was obviously losing momentum. As the TUC warned, "there is a danger of the trade unions failing to break through the 39-hour barrier. It is now clear that negotiations on weekly hours have *slowed to a trickle*" (cf. *TUC-Progress Report 1987: 1*, my italics).

According to the TUC, two factors were decisive for the loss of impetus. First, a shift towards basic holiday improvements, and secondly a general preference shift within the workforce for taking reduced working time in larger blocks of leisure rather than hours off each week or minutes off each day (cf. *TUC-Progress Report 1985: 1-2*). A similar assessment of the situation was reached by employers' associations. The picture of few concessions was confirmed by CBI-data on industry level and company settlements where managers appeared to be holding the line on further working time reduction (cf. *CBI 1988: 8*).

As a result, the 39-hour week was increasingly becoming the new and by all sides respected, working time standard. By and large, then the reduction process had come to a halt after its initial step. Agreements surpassing the new standard were the result of specific firm level conditions as well as companies acting in isolation (cf. *White and Ghobadian* 1984: 125). What is more, the lack of enthusiasm was also influenced by a major regulation dilemma in the TUC's working time campaign. This concerned the problem of curtailing extensive overtime levels through union action while shorter hours were being implemented.

The Overtime Problem and its Consequences for the TUC Campaign for Reduced Working Time

An exclusive evaluation of *basic* hours would disregard the *effective* situation and its evolution, precisely because overtime levels are ignored. In fact, an analysis of extra hours sheds some further light on the constraints of the TUC Campaign for Reduced Working Time. With the exception of provisions concerning the duration of working hours for youths and female employees, legal standards are non-existent in Britain. Still, the issue of and demand for legal regulation of overtime levels is as old as the conflict about weekly working time reduction (cf. *Whybrew* 1964).

Between 1979 and 1981 the share of employees working extra hours diminished in absolute and proportional terms. Why? Principally, because of the recession in the manufacturing sector which pushed up unemployment dramatically. But from 1982 onwards overtime levels increased consistently (cf. *Department of Employment Gazette* 1985: S15 and *ibid.*: 1988: S18). However, this turnaround cannot be attributed to the trend set by the implementation of the 39-hour week in engineering. Rather, the upsurge between 1982 and 1985 is due to a growing number of firms having shed manpower during the recession. Such firms needed to revert to flexibility options in the field of working time organisation. In other words,

"increased overtime was linked...to manpower reductions which formed an important aspect of productivity improvement...As existing slack was removed from manning levels, more flexibility was needed by management from other sources. Overtime, costly though it might be, was being incurred as the price to pay for tighter manning standards" (cf. *White and Ghobadian* 1984: 180).

Reverting to the overtime alternative was not rejected by the shop stewards; nor did employees refuse to work extra hours amidst the rising tide of unemployment. As the CIA concluded in a report concerning the introduction of the 38-hour week in the chemical industry, "although overtime has been condemned by trade unions at national level, there are still pressures at local level for its continuation and even extension" (cf. *CIA* 1982: 1). Yet, with overtime levels increasing, the credibility of the TUC campaign depended on the regulation of complementary features of the labour process. Next to provisions linked to the intensification of work, such measures concerned the challenge of controlling the overtime variable of individual firms. As the General Secretary of the engineering union Tass, B. Anderson, declared in all candour:

"The failure of this movement to make significant advances must be the cause of great concern. Working hours and unemployment in Britain are now the highest in the advanced industrial world...if shorter working is introduced simply as a benefit to those in work and not directly related to job creation, we will be tarnished with the same guilt as those employers and those politicians who created unemployment in the first place" (cf. *TUC* 1987: 212–213, *my italics*).

But talking is easier than doing and when the issue of influencing the overtime variable of individual firms was put on the agenda of British labour regulation, the collective actors faced the lacuna of non-existing legal provisions. This led the TUC to consider the introduction of legal provisions on overtime regulation in 1981–82 (cf. *TUC* 1981: 23). However, the reception from the affiliated unions and the shop stewards was ice-cold. For the former, political considerations were dominant. Since legal limits on working hours requires governmental action, TUC unions would have encouraged M. Thatcher to intervene with statutory regulation. In addition, the danger of a general limit on working time duration might have established an undesirable precedent for further legal interventions into other areas of collective bargaining.

By contrast, the shop stewards feared being stripped of a central bargaining chip in negotiations with management. If legal requirements provided conditions and limits of overtime, the shop stewards would not only loose bargaining authority, but also trade-off options with managers. The employers joined in the debate and simultaneously rejected legal restrictions. Taking into consideration that firms were gradually recovering from the prolonged recession in manufacturing, the CBI argued that working hours and holidays were not matters on which the government should legislate. Any statutory imposition of a uniform working week would be considered an impediment to economic recovery. Such a legal intervention ran "counter to the tradition of voluntarism in industrial relations in Britain and risked alienating both employers and unions" (cf. *White* 1986: 18).

The by-partisan coalition between unions and shop stewards arguing in favour of unrestricted collective bargaining on the one side, and employers defending the principle of 'laissez-faire' on the other, forced the TUC to drop its policy proposals. The manner in which the Confederation withdrew the plan was nevertheless meaningful. Expecting a "future *sympathetic* government" (cf. *TUC-Progress Report* 1983: 1, my italics), the claim was postponed.

Assessing Work Sharing Effects

The position of member unions and shop stewards on overtime legislation not only marginalised the TUC initiative, but also hindered the realisation of any work sharing objectives. Employers managed to retain options in working time organisation and the credibility of the *Campaign for Reduced Working Time* was considerably impaired by internal union divisions. With TUC officials acknowledging the shortcomings of the campaign, the prospects for work sharing became all the more remote. In this respect, it is noteworthy that the TUC never published an official assessment of the labour market effects of the introduction of the 39-hour week. However, a stock-taking of the various provisions including shorter hours agreements elicited the following remark from the TUC General Secretary L. Murray:

"Though the TUC had never argued that reduced working time was the *sole* answer to unemployment, it was *disappointing* that so few agreements tied cuts in hours specifically to job creation...there was a trade-off between money and jobs" (cf. *TUC-Progress Report* 1984b: 3, my italics).

In a detailed report based on a 1982-83 survey of firms affected by the implementation of shorter hours, *White and Ghobadian* (1984) quantified the effects of working time reduction in establishments of the engineering and construction industries. Concerning labour market outcomes, the authors left no doubt about their findings: "employment was *not* stimulated by the reduction in hours" (cf. *White and Ghobadian* 1984: 181, emphasis in the original document). Why not? — chiefly because of the manner in which shorter working hours were put into practice at the firm level. In that respect,

"the scope for changes in manning and methods is such that the expected employment effect has been consistently offset and avoided. It is not only that the scope for readjustment at establishment level has been considerably underestimated by those who have predicted an employment effect. It is

also, more fundamentally, that the local level has partly different aims and priorities from the national level, and is controlled by decisions at national level only to a limited degree" (cf. *ibid.*: 193).

This highlights a structural feature of the British industrial relations system which proved problematic for the realisation of work sharing strategies. Whereas the TUC campaign attempted to foster the incorporation of labour market objectives into negotiations, the individual implementation patterns were beyond the reach of national industry bargaining arrangements. Hence, the divergence between *campaign* and *hours round*. The former reflects a mobilisation process within collective bargaining organisations, while the latter is the result of specific organisational arrangements at the firm level.

On another track, the TUC faced the problem of a lack of enthusiasm from the workforce and other union bodies concerning further progress in reducing basic working hours. Reservations over the general prospects of shorter hours were mirrored in the attitudes expressed by the workforce regarding work sharing as a means of reducing unemployment. While unemployment remained a national concern, experiences in the workplace with shorter hours and the reservations expressed about the suitability of the strategy for solving labour market problems indicated weak support for further reductions.

Tab. 3: Perceived remedies for unemployment by social class (1985 survey)

	Total	I&II ¹	III Non — manual	III Manual	IV&V ²
<u>% Supporting</u>	%	%	%	%	%
Lowering retirement age	83	81	83	87	85
Shortening working week ³	25	25	24	25	25
Job — sharing	45	49	50	31	44
Restricting overtime	64	76	62	61	59

1. Managers and professionals.

2. Unskilled and semi — skilled workers.

3. Including reducing earnings.

Source: *British Social Attitudes* (1986: 26)

As the representative survey illustrated, lowering the age of retirement was the most popular strategy among all groups of workers. Next was the restriction of overtime. However, here some cleavage existed: those favouring the remedy most strongly were managers and professionals. By contrast, those who were most likely to work overtime, no doubt dependent on the extra pay, were less supportive of this strategy against unemployment. Reducing the working week aroused the greatest reservations of any of the strategies listed. Without any variation among the population subgroups, a further reduction of working hours was judged by only 25 percent of all respondents as the best strategy to overcome unemployment. In sum, the pattern is clear: lowering the retirement age was almost universally welcomed, while a second step in favour of shorter hours was rejected by three-quarters of the respondents.

To explain this we need to take into consideration how unemployment developed while shorter hours were being implemented. The staged implementation of the 39-hour week coincided with a dramatic deterioration of the British labour market, especially in manufacturing industries. Between 1979 and 1981 the national rate of unemployment doubled (from 5.2 to 10.2) and the registered unemployed swelled from 1.23 to 2.42 million. By 1984 the jobless rate had reached 13 per cent, and manual men in particular were being touched by widespread lay-offs and firm closures (cf. *Central Statistical Office* 1986: 114, 116).¹⁴ Hence, the TUC claims of benefits resulting from its working time campaign for workers were counterfactual. Accordingly, implementing shorter hours was literally drowned by the drama of the British labour market evolution. In consequence, the viability of work sharing via shorter hours was undoubtedly discredited.

14) Owing to various legal revisions concerning the registration of unemployment introduced between 1981 and 1984, the figures reported by the Central Statistical Office vary considerably pending on which edition is consulted.

5. Towards a Second Step

Introduction

So far, our line of discussion has demonstrated how the 39-hour week was gradually implemented on an industry-wide scale after the signing of the national engineering agreement in 1979. In the context of this endeavour, the hours round was analysed according to three indicators: (i) the catching-up effects of lagging sectors, (ii) the harmonisation of differentials, and (iii) pace-setters in working time reduction. In what follows, our elaboration seeks to explain why a second hours round yielded only limited results in British industry. With few exceptions, the 40-hour threshold was replaced by a 39-hour barrier.

This impasse will be analysed by looking at the collective bargaining rounds between the CSEU and the EEF from 1983 onwards. The usefulness of this focus for the present study is twofold. Just as the settlement in the engineering industry served as a spur to the general move from 40 to 39 hours in British manufacturing, the outcome of the bargaining rounds was regarded as setting the pace for future shorter hours provisions (cf. *TUC-Progress Report 1986: 5*). What is more, compared to 1979, the bilateral talks illustrated the extent to which the issue of working time had moved away from an exclusive focus on reduction. Rather, the notions of temporal flexibility and restructuring the work process became the order of the day in the course of the negotiations. A complex issue expansion could thus be identified which required a high degree of bargaining adjustment and compromise incentives between the collective actors involved.

Agenda—Setting of the Second Hours Round

The negotiations between the CSEU and the EEF began in September 1983. Next to the annual pay claim, the union side considered a second step of working time reduction as central. While the unions focused on the introduction of the 35-hour week, the approach taken by the engineering Federation was innovative in many ways. Instead of unequivocally rejecting shorter hours, the EEF presented a specific trade-off package: further working time reduction in return for wide-ranging

flexibility concessions from the unions. The enlarged flexibility options concerned revised shift working schedules, 24-hour operation time and the possibility of a seven-day working week. In addition, cuts in job demarcation figured as a priority on the EEF shopping list.

In return, a staged reduction from 39 to 37.5 hours was the compromise offered to the CSEU. However, the new hours norm was only to be reached on the basis of a yearly average, in this way placing annualised hours schemes on the bargaining agenda. In contrast to established routines of collective bargaining in Britain, the EEF demands entailed a firm commitment from the unions to link the reduction of basic hours with binding productivity increases. In practice, this objective meant guaranteeing the cost-neutrality of shorter hours through so-called *productivity bargaining*.

That the CSEU did not object in principle to the recurrence of productivity bargaining was illustrated by the way the Confederation conducted the negotiations. In the course of the bilateral talks the issue of working time policy was detached from the annual pay round and delegated to a joint sub-committee. Since the "unions were getting in wages what they wanted" (cf. Int. CBI), such a procedure became acceptable to all sides. The *modus operandi* itself demonstrated that a compromise between the EEF and the CSEU was perceived as possible. Referring to the objective of enhancing competitiveness, the President of the CSEU, Bill Jordan, claimed that "working time flexibility is the best defence against a continuing decline in the British engineering industry" (cf. FT 06.11.1987). Still, Jordan's rather emphatic position was not shared by all CSEU members. Some unions voiced considerable reservations about the idea of a framework agreement. While the AEU, EETPU and Apex favoured a compromise, others like the TGWU, GMB and Tass would approve only some of the flexibility provisions:

"It is not simply a case of reducing working hours at any cost. We must ensure that any reduced hours are related directly to an increase in the number of people employed. There is no point in agreeing to increase flexibility, to agreeing to the erosion of trade union conditions, to the erosion of trade union organisation, in return for a shorter working week. Shorter hours on these terms, comrades, will not create a single job and it really is a nonsense for trade union leaders to come to this rostrum and to hail such agreements as a breakthrough. It must be understood that such agreements are condemned by many unions involved in those discussions" (cf. TUC 1987: 212).

Internal dissent also ruled the deliberations within the EEF. The employers' controversies focused on the principle question of whether changes in working practices should be reached by trading working time reduction in return. Many firms had already established flexibility arrangements beyond what was being negotiated at the national industry level, but without having to concede further working time reduction. From their point of view, a national industry agreement would oblige them to introduce shorter hours while the flexibility proposals tabled by the EEF did not constitute an additional element of concession bargaining.

Legitimacy Deficits and Representational Pluralism of the CSEU/EEF Bargaining Unit

As shown earlier, the CSEU/EEF negotiating body is primarily concerned with the yearly fixing of minimum pay rates. However, the importance of these talks is limited in two ways: CSEU/EEF pay settlements only affect some 600.000 engineering workers directly. The national contract sets a benchmark for subsequent firm level agreements which generally provide for an upward revision. In other words, most companies pay well above the standard rate. In addition, the EEF is not authorised to negotiate national pay rates for white collar employees. Hence, many firms do not depend fundamentally on the engineering Federation for a lead in pay settlements (cf. *Smith* 1989: 9).

The limited collective bargaining influence of the yearly pay negotiations between the CSEU and the EEF helps to explain why talks at the national industry level may take so long. Furthermore, in case of a failure or break—down of national talks, no automatic arbitration procedures follow. Rather, the controversial issues on the agenda are either dropped, or — more likely — cancelled to the next yearly bargaining round. This procedure gives negotiators incentives to delegate any controversial demand, and discharges the actors involved from conducting negotiations to a conclusion. As a union representative comments, successful outcomes only carry the day, "if a framework agreement lifts a whole sector agreement up one or two notches. If it only gives comprehensive agreements and trade—offs, then it is not possible" (cf. Int. TGWU).

Next to such operational shortcomings of the institutional bargaining design, the status of the engineering negotiations was also impaired by the presence of competing unions within the CSEU. The longstanding rivalries between the engineering unions derive from the fact that the individual unions organise different groups of employees, they demonstrate diverging avenues of interest representation, and their monitoring of national industry talks differs considerably. Multi—unionism and traditional rivalries over the demarcation lines of spheres of influence in the engineering sector thus make the CSEU a loose confederation with limited central control over its member unions.

Whatever the problems facing the CSEU, they were more than matched by controversies within the EEF. These derived from growing doubts over the role of the engineering Federation as such. Not only is the Federation unauthorised to negotiate pay rates for staff employees, but the employers' association was additionally subject to a considerable fall in membership during the 1980s. The drift of employers out of the EEF reduced its membership from 6.000 to 5.000 between 1981 and 1987 (cf. *FT* 07.11.1987). Such an erosion of the Federation's rank—and—file and the limited

importance of the annual pay negotiations for many companies placed the EEF in a twofold dilemma: as an interest organisation its authority was constrained, and as a collective bargaining association vis-à-vis the CSEU its resources were diminishing.

In the course of protracted negotiations like in the engineering industry a dynamic prevails which either contributes to claims being dropped, delegated or new demands being introduced onto the bargaining agenda. The CSEU/EEF talks followed the third trajectory, and here in particular lie the roots of failure. The strategy of gradually enlarging the scope of demands essentially explains why the bargaining rounds came to no agreement. It was the EEF which tabled proposals for a general revision of industrial relations in the field of collective bargaining. It is to this aspect that we shall now turn.

Issue — Enlargement by the EEF

The proposals on temporal flexibility had already demonstrated that the EEF did not intend — unlike in 1979 — to treat working time as an issue in its own right. In the course of the marathon negotiation, the Federation swelled its agenda with demands which sought a general overview of working conditions and a revised arrangement for industrial relations. The additional claims concerned areas as different as (i) harmonisation of employment conditions, (ii) elimination of restrictive manning practices and (iii) the rationalisation of bargaining arrangements.

The third proposal was given increasing priority and was the subject of a highly charged debate in the course of the negotiations. At first, the rationalisation clause focused on revised dispute procedures at the firm level. But in connection with the call for "new principles for the recognition of CSEU unions" the clause could be interpreted as an instrument to curtail the representative pluralism of British engineering unions. In practical terms the EEF demand whispered the notion of multi-union plants and aimed at obliging the unions to "act as one body". In the case of such a self-commitment, the majority union in a given plant would not only be strengthened as regards its status. In addition, it would assume bargaining responsibility for all other unions involved.

The more the talks focused on the respective consequences of the rationalisation clause, the more the CSEU members were at odds over who would benefit from it. In the minds of TGWU, GMB and Tass negotiators, accepting the clause would have led to employer-imposed unions. Hence, the multiplicity of the firm level union profile would gradually be eroded. As one CSEU

representative concluded, such a flexibility package highlighted "how much the EEF thought that the scope of collective bargaining had changed during the eighties. The era of single-unionism cropped up" (cf. Int. TGWU).

In light of single-union agreements signed in the past by the CSEU members AEU¹⁵ and EETPU, such a concern was merited. In particular the AEU expected to get additional mileage out of the framework agreement, especially in the form of new members and enlarged representation authority. By contrast, the unions opposing the compromise suspected that a national contract would open doors for industrial relations packages at the firm level. The best example of such a pattern of union-management relations was the EETPU. Between 1985 and 1987 the electricians union had signed 24 agreements including no-strike obligations and 'automatic binding arbitration'.¹⁶

In light of considerations such as these, the internal divisions of the CSEU not only reflected controversies over the respective issues on the bargaining agenda. Rather, they reinforced an inter-union power struggle over firm level representation, established bargaining patterns and the demarcation of respective spheres of influence. As a result, the disputes contributed to cementing the political rivalries between the CSEU members along the lines of a 'left-right dualism' whose focal point of reference was the contested AEU and CSEU-President Jordan. The political continuum of the inter-union conflict had two extremes: the so-called 'new realists' (AEU and EETPU) versus the 'traditionalists', sometimes also called the 'fundamentalists' (TGWU and GMB).¹⁷

Yet, this field of controversy was not only a matter of politics, or of diverging strategic priorities, but related fundamentally to the different social bases of the engineering unions. Key here was the spheres of influence and the internal union demarcation lines to recruit new members. Both factors shall be elaborated in the next section while simultaneously considering how the British labour market and the composition of the workforce have changed during the past decade.

15) In April 1985 the AEU won Nissan's eye in a 'beauty contest' at its new production site in Sunderland, Northern England. Competition over a single-union agreement involved the TGWU and GMB.

16) Automatic binding arbitration refers to the incorporation of a peace clause and a system for resolving disputes at the expense of taking constitutional industrial action. Because of its repeated willingness to sign strike-free and single-union agreements, the EETPU was expelled from the TUC in 1988.

17) The labels 'new realists', 'fundamentalists' and 'traditionalists' are used by the unions themselves. This has become a custom of inter-union controversies at TUC Congresses since the mid-eighties.

Unions' Spheres of Influence Amidst Growing Labour Force Flexibility

The various flexibility proposals tabled by the EEF extended from working time over cuts in job demarcation to issues concerning the rationalisation of collective bargaining arrangements. The overall package sought to secure explicit union acceptance of enlarged labour market flexibility. The material basis of this objective lay in far reaching structural changes in the British labour market during the past decade.

In general, we can identify a long-term restructuring process in the evolution of employment. Its size and velocity accelerated considerably during the 1980s. In the course of this development, a new type of employment category has grown from an insignificant fringe of the labour market to a sizeable one—third of the workforce: the share of jobholders (i) whose employment provisions and status are labeled flexible, (ii) who are positioned outside full-time employment and (iii) who do not hold employment contracts with indeterminate duration. This new employment category is mainly composed of (i) part-timers, (ii) temporary workers, (iii) home workers and (iv) self-employed people. Together, these four groups constitute Britain's so-called *flexible labour force*¹⁸.

Between 1981 and 1985 the flexible workforce expanded by 16 per cent (1.15 million) and accounted for 8.1 million or 34 percent of those in employment in the latter year. While the number of female full-time workers grew by 55,000 between 1983 and 1985 to reach 4.8 million, they were outnumbered for the first time by the 5 million female flexible workers. Wives and mothers constitute two-thirds of the total flexible workforce (cf. *Hakim* 1987). While the number of full-time permanent employees fell by 1.02 million (minus 6 percent) between 1981 and 1985 to 15.62 million two other, diverging, trends accompanied this evolution. Whereas total employment is gradually rising again since 1984, the increase is almost exclusively accounted for by changes in the size of the flexible workforce. Over 96 percent of the fall in full-time jobs occurred between 1981 and 1983. On the contrary, 72 percent of all flexible jobs were created during 1983 and 1985 (cf. *FT* 05.02.1987).

18) Instead of "flexible labour force" the terms "non-regular", "peripheral", "atypical", "non-traditional" or "unstable" are used in the extended debate on labour market flexibility and flexible employment conditions. To name only a few for the British case, see *Atkinson* 1987, *Standing* 1990, *Towers* 1987.

To a great extent much of the growth in flexible employment relationships is due to a striking rise in *temporary working* (including those with seasonal, casual and fixed—period or contract jobs). Within four years to 1985, the number of temporary workers increased by 700.000 to over 1.3 million and reached 1.47 million people, some 5.7 percent of the workforce by 1989. It is significant to note that the current expansion touches more men than women, even if the majority of temporary workers — 58 percent of the total — (still) are female employees (cf. *IRS* 1990: 7).

In part, the growth of jobs with limited duration status derives from government employment and training schemes for the unemployed. In addition, legal provisions concerning recruitment procedures were changed by the Thatcher Government on two occasions: legislative measures extended the qualifying period for eligibility to present a complaint of unfair dismissal from six months to one year in 1979 and then to two years in 1985 (cf. *Hepple* 1987: 281).

Finally, an analysis of temporary work yields two other findings. The government's 1984 labour force survey found that only a third of seasonal or casual workers would have preferred a permanent job (cf. *The Economist* 1987: 25). However, let us not 'blame the victim' too readily. Flexible workers often alter their employment objectives because of their inability to find a permanent job. The unavailability of indeterminate employment is still the largest single reason given for why they take temporary work (cf. *IRS* 1990: 7).

Next to the unprecedented growth in temporary work, the increase of *self-employment* in Britain during the 1980s is noteworthy. The number of job holders in that employment category increased by 1.1 million (52 percent) between 1981 and 1991 to a total of 3.3 million (cf. *Campbell and Daly* 1992: 269). Amidst these transformations in the British labour market, the single most important category of the flexible workforce still remains *part-time work*.¹⁹ Between 1984 and 1991 part-time employment grew by over 800.000 people and accounted for 5.6 million or 24 percent of total employment (cf. *Naylor and Purdy* 1992: 153). Next to the Scandinavian countries, Britain holds the largest rate of part-time employment in western Europe.

The EEF's focus on changed working practices, innovative working time schedules and increased manpower flexibility has to be placed in the context of such a transformation of the labour market. The central challenge for the CSEU members was to map out a common answer to the use

19) Ever since the so-called *marriage bar* was abolished in 1940, both women's position in the labour market and the options for part-time work considerably changed. The marriage bar forced women to leave paid employment once they got married. Up until 1963 the Post Office Workers union ensured that the bar stayed in operation (cf. *Walby* 1986: 57).

of non-standard labour. Otherwise, as the TGWU claimed, organisations ignoring such drastic labour market changes would "risk seeing history pass them by" (cf. *IR-RR* 1988: 10). But while the necessity for a blueprint on flexibility is uncontested and endorsed by various surveys on trade union attitudes to flexible working hours (cf. *Lee* 1983: 80ff.), when we evaluate the pros and cons in practice the engineering unions only re-established their divisions.

The source of these inter-union consensus problems derived from their constituencies. The respective labour organisations focus on very different groups of employees as regards their status, qualifications and income levels. Notwithstanding this selectivity, all sustained significant losses in membership during the 1980s.²⁰ Bearing both factors in mind, the preparedness of the engineering unions to approve or refuse the flexibility elements in the framework agreement depended largely on the resulting prospects for recruiting new members.

While the TGWU is the largest single union within the TUC and the CSEU (as regards overall membership), the majority of its social base in the engineering sector comes from unskilled and semi-skilled manuals. These members faced considerable employment problems during the 1980s, are generally paid according to minimum rates and depend on working overtime. The redundancies taking place in engineering between 1980 and 1984 have mostly touched these occupational groups and severely affected overall TGWU membership. Between 1979 and 1985 the largest TUC union suffered a drop in membership of 37 percent. A further fall of 56.000 followed in 1986 and by the end of 1988 the TGWU recorded another loss of 148.000 members (cf. *Certification Office* 1987: 10 and *FT* 10.12.1988).

Contrary to the TGWU membership configuration, the AEU rank-and-file is predominantly composed of skilled workers in better paid jobs. Nevertheless, it does not follow that their jobs were safer. Like the competing TGWU, the AEU has been hit by substantial membership losses. Within one year — 1985/1986 — the AEU lost 117.000 members. This corresponded to a drop of 12 percent. Total membership of the Amalgamated union reached 858.000 in 1987 (cf. *Certification Office* 1987: 10).

So, the 1980s were tough times for both the TGWU and the AEU. Hence, they were "desperate for new membership" (cf. *Int. researcher II*). Taking their respective spheres of influence in the

20) In 1979 union membership had reached its highest post-war level with over 13.3 million affiliates. Since then it has fallen steadily in each subsequent year, reaching 9.9 million members at the end of 1990, the lowest membership figure since 1961, and 25 percent below the peak level in 1979. Such membership losses were almost entirely a result of a fall in male membership. Union density is now registered at 38 percent (cf. *Bird et al.* 1992: 185).

engineering sector into consideration, the TGWU had the support of other CSEU members to defeat an agreement it saw as benefitting mainly skilled AEU members. The unions rejecting the framework agreement (TGWU, GMB, Tass) not only feared that established working practices and organisational resources would be sacrificed. Also, their apprehension derived from the perception that the flexibility agreement would favour craftsmen who would enter the core workforce, therefore receiving secure jobs. Accordingly, the AEU could then be encouraged to call for a review of existing agreements on recognition and membership recruitment practices while the TGWU would be left with the tidal wave of part-timers and temporary workers sweeping the British labour market.

Some CSEU members thus feared that accepting the draft agreement would result in considerable organisational damage for them and asymmetrical pay-offs. They would have to shoulder the burden of manpower flexibility and be confronted with further membership losses. This concern was further fuelled by the consequences should the CSEU approve the rationalisation of bargaining procedures in multi-union plants. The obligation to "act as one body" was regarded as strengthening the hand of the AEU at the expense of hard-won conditions and long-established practices. Accordingly, the confederation executive voted in November 1987 by 17 to 13 to reject the proposals and deliver the CSEU—President Jordan, who had firmly supported an agreement, a personal defeat. Together, the AEU, the EETPU and Apex had to acknowledge the bitter fact that the regulation of extended flexibility provisions depended on weathering inter-union rivalries so prominent in the British system of industrial relations.

6. Conclusion

If the breakdown in the engineering talks had one positive effect it lay in the trade-off constellation that had been put on the agenda: without concessions in the field of flexible labour innovations the CSEU's campaign to cut the working week below 39 hours would not make any progress. The former became a *quid pro quo* for the latter. In addition, numerous domestic-level settlements²¹ reinforced decentralisation which in turn increasingly casts doubt on the future role of industry level bargaining in British labour relations. While the prospects for change through consensus on the issues of flexibility and shorter hours are limited at the national level, decentralised approaches

provided for significant innovations.

The regulatory authority of firm level bargaining arrangements accounts for the central difference between the British and other western European systems of industrial relations. As illustrated by the engineering talks which faltered over the definition of specific trade-off provisions, the fragmented and competitive structure of British labour relations rendered settlements above the firm level ambiguous. Contextual constraints deriving from such an institutional design put the question of reforming the organisational structures of union interest representation on the agenda of collective bargaining. It is precisely such a remodelling of collective bargaining procedures, labelled "to act as one body", which the EEF raised in the course of the negotiations. The employers' drive for temporal flexibility corresponded with the rationalisation of interest representation as its structural correlate in the field of industrial relations. Seen from this perspective, *neo-industrialism* is embedded in revised decision making patterns between the two sides of industry.

Regarding the issue—building process of work sharing in Britain during the 1970s, it is significant to note that the labour confederations did *not* embrace such a strategy. Even if the TUC had adopted the idea of a shorter working week as far back as 1972, the claim "added up to little more than an attractive slogan at the start" (cf. *Taylor* 1978: 452). The focus on work sharing only started to gain currency in the labour movement *after* the Social Contract had been revoked by the unions in 1977/78.

The implementation of the 39-hour week further illustrates to what degree companies were capable of retaining local freedom of action. The importance of firm-led innovations was repeatedly underestimated by national industry bargaining actors. Rather than conforming to an industrial agreement decentralised approaches managed to establish their own settlements during the 1981 engineering dispute. In addition, the staged implementation of the hours cut gave industrial firms enough leeway to have greater control over the timing and the configuration of the changes. Hence, the decentralised implementation process made "national agreements depend for their effect on interpretation at enterprise level...the strength of the local level meant that national industry agreements to reduce working time could be followed by a process of locally agreed changes to offset the effects of the reduction" (cf. *White and Ghobadian* 1984: 177). The potential ability of firms to

21) In 1988 two agreements for shift workers at Michelin's plants in Burnley, Lancashire and Ballymena, County Antrim provided for the introduction of the 31.5 hour week in exchange for new shift patterns. The settlements were described by the TGWU as a milestone in the campaign for reduced working time and pictured as a trendsetter for other industries as regards its provisions.

absorb the effects of reduced working hours and divert objectives striven for at the national level was soundly documented in the increased overtime levels and the non-stimulation of work sharing results (cf. *TUC* 1988: 9, *White* 1987: 13).

As a result of the diversity of company level agreements and the limited degree of control which industry level bargaining was able to exert, managerial confidence midway through the 1980s seemed strong enough to reject a further hours reduction. For many employers the decision on the scope of a second hours round was to remain exclusively in the hands of firm level negotiators. There is further evidence for managerial confidence. The evolution of the British working time debate suggests that, with the re-entry of reduction claims in national industry bargaining, the employers' side clearly demonstrated how much they had revised and broadened their proposals in the meantime. The unions' demand to press for a shorter working week was countered by a menu of options linked to the overall notion of flexibility.

The EEF's push to break through old demarcation lines of the working week combined with a changed role for management and unions attempted to restructure industrial relations and adopt a systematic approach on the issue of flexibility. What made the Federation's proposals both a matter of controversy and innovation was the fact that the package tended to map out a new employment and bargaining culture. The flexibility proposals were not merely an opportunistic adjustment to custom and practice but reflected a comprehensive strategic approach on industrial reorganisation and revised labour relations (cf. *Atkinson* 1987: 93).

Together with the unprecedented degree of industrial relations legislation, the Thatcher Government's acceptance of continuously rising mass unemployment at the beginning of the eighties placed any work sharing objectives of the TUC in a specific policy dilemma. The longer high unemployment persisted, the more union measures, which focused on its presupposed reversibility, lost their appeal and credibility. Especially significant was the lack of governmental recognition at a point in time when the political marginalisation of British unions assumed top priority on Thatcher's agenda of industrial relations policy. Rather, the official appraisal of shorter hours concluded that the policy was ill-suited to confront a set of structural problems in the British labour market.

An additional signpost of the unfolding policy dilemma consisted in fact that, while the Thatcher Government relentlessly advocated deregulation and state retreat from markets, "the reordering of British markets and recasting of state-society relations entailed massive institutional change that [could] be accomplished only by the intervention of a particularly strong state" (cf. *Hall* 1986: 126). By contrast, until the end of the 1970s the politics-industrial relations nexus in Britain was characterised as one of defending the *status quo*. Employers and unions were staunch opponents of any policies that limited their autonomy in collective bargaining. Only on occasion did tripartite consul-

tation between the government and the two sides of industry take place. In consequence, a rejection of unilateral state intervention highlighted the institutional structure of the British industrial relations environment.

Because central politico—institutional preconditions proved to be to their advantage, British employers faced a unique opportunity structure to initiate the restructuring of production processes and manpower utilisation. The bargaining power of the trade unions was repeatedly being curtailed by the Thatcher Government in both the industrial and political arenas (cf. Ward 1988: 74)²². Legal intervention served to promote industrial adaptation processes and encourage economic transformation. Disciplining the workforce and their respective interest organisations not only entailed numerous Employment and Trade Union Acts. In addition, the government's toleration of a rising level of unemployment (in particular between 1980 and 1985) as well as Thatcher's vigorous resistance to public sector wage demands gave British employers unprecedented leverage in the industrial arena.

Finally, while both the interventionist component and the reorganisation of industry are a clear case in point, our assessment would nevertheless fall short if the substantial growth of the flexible labour force in virtually every sector of the British economy during the past decade were ignored. Amidst flexibility provisions gaining currency, employment patterns, demarcation lines between white and blue-collar employees as well as those in employment and those seeking entrance into the labour market are fundamentally changing. Under conditions such as these the core challenge of union (working time) policies relates to how they can extend their spheres of influence to the periphery of the labour market while maintaining their organisational resources for the core workforce. As illustrated by the protracted CSEU/EEF negotiations, the national industry level and endemic union parochialism structure could not find a common solution to this challenge.

22) The Manpower Services Commission was abolished in 1988 after the Thatcher Government unsuccessfully tried to double the number of employer seats. The tripartite employment service organisation had been established in 1973 by the Heath Government.

Chapter VI

Comparative Perspectives

1. Introduction

The study of working time policies in Belgium, France and Britain has shown that redistributive labour market policies are invariably a collective endeavour shaped by a complex political process. The picture presented is of an intricate pattern of manoeuvring on the part of the industrial relations actors. The policies under consideration were influenced by a dynamic that originated as much in labour market problems as in the industrial relations system.

In what follows, I will try to synthesize this pattern. However, I will refrain from sweeping conclusions and from taxing the reader's endurance with additional empirical findings. Drawing lessons from cross-country analysis requires prudence. In particular, compelling generalisations cannot be formulated easily about this group of nations. My theoretical propositions extend only to the reach of the empirical material.

Our line of argument in the preceding chapters can be considered as a response to gaps in earlier studies of work sharing strategies. The three cases suggest that a number of important variables have been either excluded or not appropriately treated by recent scholarship on redistributive labour market policies. First, a policy of work sharing was in competition with other strategies, such as (i) early retirement, (ii) flexible wage policies, (iii) and the promotion of labour market flexibility. Our approach implied making endogenous the processes by which labour market actors opted for a certain policy *within* constraints.

Furthermore, decisions concerning labour market policies in Belgium, France and Britain were made under uncertainty and with limited means of forecasting their performance, costs or unanticipated contingencies. As the three cases illustrated, many sources of contextual uncertainty and imperfect foresight were involved in work sharing via working time reduction. This degree of contextual uncertainty is regularly overlooked in work sharing studies that have focused on identify-

ing cause and effect relations of shorter hours. Statements concerning the performance of labour market policies are therefore statements of probabilities; they carry with them uncertainties of outcomes and uncertainties of causal linkage, i.e. how much, if any, impact can a specific policy be expected to have? In sum, work sharing strategies implied the impossibility of knowing *ex ante* the optimal design and procedural configuration of the policy project and its objectives.

To the reader of the preceding chapters it should be apparent that our enterprise has sought to combine an account of policy making in the labour markets of three Western European countries with an argument for an institutional approach to political economy. We are now in a position to reconsider the leading question to which the data addressed itself: whether it is true that multiple paths shaped different programme profiles but lead to similar outcomes in the three countries. The empirical analysis investigated the process by which original intentions are transformed through the evolution of outcomes, the perception of policy performance by the labour market actors and the institutional design of politics in three countries.

The roles played by the organisations of the state, capital and labour within a constellation of institutional variables were held to be central to the nature and performance of labour market policies. We shall therefore organise a comparative evaluation around key issues of the evidence presented earlier. To have wide generalisation, the evidence should be tested against a larger number of national cases. That is clearly beyond the scope of this work. In lieu, at this stage we consider Germany as a counterfactual. However, its elaboration must remain preliminary. Its inclusion will allow us to sharpen the focus of the analysis of labour market policies in Belgium, France and Britain. Therefore, the question guiding the following sections concerns why shorter hours policies were dropped in the three countries giving way to temporal flexibility while Germany displays a successful combination of working time reduction and flexibility provisions.

2. Germany as a Counterfactual

Singling out shorter working hours as a means of confronting pressing labour market problems in (West) Germany implied (re-)discovering presupposed beneficial relations between unemployment and its curtailment through work sharing ("Arbeitsumverteilung"). This scenario entailed a redefinition of arguments in favour of working time policies. Historical experience, in particular the introduction of the 40-hour week between 1962 and 1965, suggested that collective working time

reductions occurred under conditions of near full—employment, uninterrupted wage increases and strong trade union bargaining positions (cf. *van Kevelaer and Hinrichs* 1985).

Over a fifteen year period from the beginning of the eighties, the unions' strategy of cutting standard weekly working time to 35—hours was achieved in three stages. First came the breakthrough agreement in engineering in 1984. Following the biggest and most—embittered dispute in German post—war history the compromise provided for the introduction of the 38.5 hour basic workweek without loss of earnings. The agreement further introduced provisions that allowed for increased temporal flexibility for different firms, and, inside firms, different groups of workers to be included under co—determination between employers and works councils. The strike of 1984 and the subsequent compromise underlined that trade union power was a political reality, in spite of adverse¹ circumstances.

In 1987 the metal industry again proved to be Germany's pace—setter for working time reduction. The three—year pact reinforced the give—and—take pattern and provided for a one—hour cut in basic weekly hours to 37.5 in return for wage moderation, a long duration of the agreement and the transfer of jurisdiction on working time provisions from the industrial agreement and trade unions to co—determination within the works councils. An additional 30 minutes were lopped off in 1989. Finally, in 1990 an agreement on the 35—hour week in the West German metals and printing industries provided other European trade unions with a much welcomed breakthrough. The compromise includes a phased introduction which will take effect in 1995. However, opening the door to the basic 35—hour week is conditional upon German and European economic and social trends. Furthermore, the compromise allows for up to 18 percent of a company's workforce to put in a 40—hour week, a considerable nod in the direction of greater temporal flexibility for individual firms.

What emerges from the German example is, first, that shorter hours with a view to the goal of the 35—hour week has been achieved. In addition, a variety of flexibility provisions proved from the outset of negotiations to be the essential trade—off element for shorter hours. Hence, the process of working time reduction was shaped by a mode of compromise formation which endorsed the issue of enlarging options for temporal flexibility. In that respect, the exchange model establi-

1) I am referring to the Conservative—Liberal coalition under Chancellor H. Kohl taking office in 1983 after 14 years of Social Democrat—Liberal coalition government. The Kohl Government explicitly challenged the metal union's shorter hours strategy with legal initiatives focused on early retirement.

shed a pattern which allowed the demand for the 35-hour week to remain, or continuously resurface, on the bargaining agenda, instead of being dropped or giving way to other policy priorities.

It also has to be taken into consideration that the institutional design of German collective bargaining guarantees regular and legally binding negotiations every one or two years (depending on the length of the previous agreement). This element of routinisation is framed by the fact that, if negotiations breakdown, automatic arbitration procedures follow. Thus, in order to avoid either large-scale industrial action and/or third party compromise propositions, the two sides of industry face various obligations to bring negotiations to a viable conclusion. *Jacobs et al* (1978: 214) have labelled this pattern "co-operative conflict resolution." Finally, legal intervention in industrial relations is designed to underscore the responsibility of the 'social partners' for effective industrial self-government. This characteristic of the West German system has put comparatively centralised and encompassing trade unions and employers' associations in a position to "exercise delegated regulation authority with strong legal facilitation" (cf. *Streeck* 1988: 3).

Even if considered only briefly, the German case can contribute to a better understanding of various sub-fields of labour market policies that repeatedly surfaced in the dynamics of work sharing strategies. In effect it highlights four factors: (i) the role of policy legacies, (ii) the relation between work sharing and income sharing, (iii) the feasibility of viable exchange models, (iv) and the role of the state in the policy process. In what follows, I shall elaborate these sub-fields more comprehensively across the three countries of study before turning to the question of policy modification.

3. Working Time Policies in Practice

The agenda-setting of working time policies during the end of the 1970s and early 1980s was mainly characterized by two trajectories. During the initial stages, establishing opportunities for early retirement, thus curtailing life-time working hours, predominated. Alternatively, work sharing through reducing basic weekly working hours generally implied the goal of the '35-hour week'.

It is noteworthy that of the three countries under consideration, Belgium introduced various early retirement schemes *before* turning to the measure of reducing weekly working time. In the French

case both options were implemented *simultaneously* after the Mitterrand Government took office in 1981. By contrast, British Governments — Labour and Tory — steadfastly refused to consider a policy of early retirement schemes or measures curtailing weekly working time.

If we compare the ambitious claims brought forward by the protagonists of work sharing at the end of the 1970s with the situation over a decade later, it becomes strikingly evident that the only feasible result achieved was the introduction of the 39-hour week on an industry-wide scale in Belgium, France and Britain. In other words, apart from single reduction steps on the national level, shorter hours demands did not make any headway past the first round.

The three cases suggest the general tendency of trade unions, and of the early Mitterrand years in particular, to oversell work sharing to their rank-and-file and the public. Work sharing tended to be introduced as a panacea for very different labour market problems which varied greatly in their connection to each other. Given the decade-long experience with the advocacy of work sharing objectives, we observed that small steps in working time reduction did *not* reverse long-standing unemployment problems.

However, to infer that a policy of shorter hours has been tried and failed would be too simple. Its history as revealed here does not dictate that a policy of working time reduction is dead forever, any more than the decade long record of the policy has killed the idea of work sharing permanently. For the time being shorter hours strategies have been recalled to the factory for repairs in the three countries under consideration. We can predict that the fixing will take some time.

To the reader of the preceding chapters it has become apparent that a redistributive policy of working time reduction (i) entailed consequences for income formation, (ii) affected the organisational resources of the industrial relations actors to mediate the plurality of contending interests, (iii) and revealed the extent to which strategies have to be modified in the event of policy performance.

The Legacy of Policies

All existing or former policies leave a residue which shape both the options available and the likely outcomes of developing policy responses. Such a residue can be seen to be a factor in each of the three countries studied. To briefly recall the Belgian situation, the unions' attachment to automatic wage indexation made employers all the more reluctant to involve themselves in negotiations over work sharing. Whereas index-linking can be regarded as an element of social policy under conditions of low inflation and full-employment, it proved to be an "important factor of rigidity"

once the crisis began to reach dramatic dimensions during the late seventies and early eighties (cf. *OECD* 1984: 45). As long as the wedge issue of income sharing remained unresolved, either in the form of partial wage compensation or through the reform of the indexation mechanism, managerial resistance towards any forms of redistributive labour market policies was unbending. By contrast, relying on the institutional feature of automatic wage indexation made the curtailment of inflation a distant objective for Belgian unions (cf. *Kevelaer and Bastian* 1989: 186).

The working time policy introduced by the *Common Front* during 1936–1938 determined for more than forty years the state of work sharing strategies on the agenda of French labour market policies. The preoccupations and anxieties that the legacy still managed to mobilize at the beginning of the eighties was best described by the former president of the CNPF, F. Ceyrac: "We all know that it is the system of 1936 which we have to revise. But this legacy constitutes...a taboo. It is the symbol of a period which has remained important in our social history" (cf. *Le Monde* 11.07.1980).

Turning to the British case, we are left with a paradox: regarding the implementation of the Social Contract between 1975 and 1977 the combination of voluntary wage moderation and negotiated pay-offs mirrored core requirements of work sharing strategies. In addition, the Labour Government which was committed to full employment sought the active participation of the TUC in economic policy making. After the 1975–77 period such a constellation did not surface again. When the unions finally began to put work sharing on their collective bargaining agenda (1979–1980), it was precisely the legacy of the *Social Contract* and the change of governments which rendered the TUC incapable of supplementing the demand with a second round of voluntary wage moderation.

What emerges from this short overview is that responses to unemployment in the three countries were shaped by the legacy of previously instituted policies. In Belgium, the legacy of wage indexation established the institutional procedures for incomes policies. Automatic wage–price indexation had a by-product which hindered the popularisation of conditions which would have encouraged voluntary wage restraint on the part of the unions. The French case mirrors how the Blum legacy influenced the industrial relations actors' perception of shorter hours policies, in particular if they were state-induced. In Britain, the record of the *Social Contract* shaped the corridor of action of labour market actors. First and foremost this applies to the unions' incomes policies after the renunciation of the *Social Contract* and while they were simultaneously starting to embrace work sharing strategies.

In toto, legacies tended to limit the range of manoeuvrability on the part of industrial relations actors and predetermined the field of compromise formation. They can thus be regarded as a source of inertia and rigidity. Legacies also constituted a set of judgements shaped through a history of conflicts and organisational learning from the past.

Work Sharing — Income Sharing

Working time policies, in particular within a work sharing context, carry a price tag. Acknowledging this central compromise element as a condition *sine qua non* was most difficult to achieve for the labour organisations. What the unions had to come to terms with, at times involuntarily, was that work sharing entailed income sharing in one form or another. The problem of income sharing posed a severe dilemma for unions not merely because it constituted a core element of work sharing but primarily because it forced labour organisations into an explicit assessment of the diversity of working time and income preferences of its rank—and—file. Furthermore, the advocates of work sharing had to consider how the firm—level actors would respond in the course of the implementation process. To understand the work sharing—income sharing relationship is thus to identify potential lines of conflict, and their possible resolution, within as well as between the labour market actors.

Employers could point to unions' shorter hours claims as an additional wage demand in disguise. By contrast, the demand for "no loss of wages" was the prime 'safety belt' for union negotiators to be able to mobilise their rank—and—file in favour of working time reduction. Redistributive strategies via intra—class trade—offs thus placed the question of solidaristic incomes policies on the agenda of collective bargaining. In order to avoid unfavourable effects on costs and competitiveness, let alone secure employer cooperation during the implementation process, a multiple transaction between time, money and jobs became part of the bargaining agenda. That this is a crucial issue seems evident for all three countries.

As the claim for working time reduction was repeatedly confronted with the issue of revising automatic wage indexation in Belgium, and later overtaken by statutory wage regulation, any progress on the hours issue was slow to come and subject to recurring conflicts between the industrial relations actors. While the Belgian employment crisis was further deteriorating midway through the eighties, those in employment experienced the Christian Democrat—Liberal Government's working time policies as biased and widely unsuccessful. Unilateral sacrifices on the part of employees' income and evident failures in terms of its labour market objectives characterised the statutory 5—3—3 exchange scheme.

From the French example we learn that the implementation of the 39—hour week and the fifth week of holidays were stymied with wild cat strikes disrupting the post—election voluntarism of the early Mitterrand Government. The appeal of *partage du travail* was further tarnished by the subordination of unionism to politics during the wage compensation debate. Its star was then on the

wane. With income sharing proving unattainable, and the 35-hour week objective collapsing, ample evidence was available as of the difficulties of achieving state-induced work sharing in France.

The British work sharing debate was largely shaped by the question of how national unions could monitor the implementation of shorter hours in a decentralised and fragmented bargaining system. Given the degree of wage regulation autonomy of shop stewards in the British system of interest representation, the enforcement resources of branch and national-level organisations to oversee rank-and-file unionists are traditionally weak. Thus, raising the issue of work sharing modalities, and thereby arguing in favour of income moderation, implicitly placed established *customs and practices* between management and shop stewards on the agenda of working time negotiations. In doing so, the need to reformulate the organisational interplay between the TUC, affiliated unions and shop stewards could not be ignored.

But where income sharing became part of the unions' field of interest, it still did not have an impact on the decision field because labour organisations anticipated that employers could raise the threshold of compromise costs to a level that would prove unacceptable to the union side. What is more, being out of step with competing unions while lacking the enforcement resources for a unilateral approach rendered income sharing proposals a high-risk strategy in Belgium, France and Britain.

Recalling the strategies of the various labour confederations in the three countries, only two unions did not reject work sharing in partnership with income sharing. As shown, the Christian CSC in Belgium and the Leftist CFDT in France seemed to be acutely aware of the danger of a 'vicious circle' in which unbending union attitudes in wage policies paved the way for managerial resistance to work sharing and thereby fostered state intervention.

But the inability to imprint this position on other unions in the two countries replicated their poor ability to control strategy in inter-union conflicts and reinforced longstanding rivalries within the French and Belgian union systems. The emphasis on voluntary wage moderation was not sufficiently strong to outweigh the employers' greater resistance and the other unions' intransigence. Hence, the relation between working time reduction and partial wage compensation was repeatedly decided by the line of anticipated least resistance. The conditions of compromise formation were then likely to be affected by what union leaders could realistically hope to attain at reasonable costs for their rank-and-file. The initial stages of the issue building process on work sharing in the three countries reflected the influences most distinctly.

The Architecture of Exchange Models

The interplay between work sharing and wage moderation leads us directly to the question of compromise formation within employers' associations. Answering this by exclusively focusing on costs and benefits may be to postulate a monotonic relation. As shown, employers seldom evaluated unemployment as a (pressing) problem and labour market policies aimed at its curtailment as a function of an economic calculus alone. Rather their evaluation reflected a complex interaction between the management of economic uncertainty and the existence of standard operating practices in the labour market which filled the "indeterminacy left by market forces" (cf. *Brown and Simon* 1975: 24).

In light of our empirical findings we are now in a position to rephrase our argumentation on employers' positions on working time reduction. Employers were most likely to accept shorter hours if sophisticated exchange models were part of the compromise package. Such trade-off arrangements entailed trade union concessions in the fields of (i) voluntary wage moderation, (ii) productivity bargaining, (iii) decisions regarding flexible work systems, (iv) and the reorganisation of collective bargaining mechanisms.

As we have seen, *voluntary* wage moderation did not become part of such exchange models. Where the issue of partial wage compensation for shorter hours managed to be integrated into collective bargaining agreements, it was only as a result of prior state intervention, most notably exhibited in the Belgian context of the so-called *Operation 5-3-3*. Still, in all three states a noteworthy side-effect of the work sharing debate consisted in opening the door for finding new ways to police economic sacrifice, in particular concerning the suspension of particularistic solutions in the interest of longer-term benefits.

The imposition of flexible wage policies, and, if need be, the acknowledgement of (involuntary) wage moderation became a central feature of labour market policy in Belgium, France and Britain during the past decade. Thus, the view that work sharing could be achieved by unilaterally pricing employers and/or the state does not hold against the empirical evidence presented for the Belgian, French and British cases. Rather, greater reliance on the market for the promotion and apportioning of flexible wage policies became a common feature in all the countries, despite widely different political incumbency. Our findings suggest that one of the primary learning experiences for workers and unions in the context of the work sharing debate was the acknowledgement of a underutilization of their potential power to force up money wages in order to create opportunities for the requisite redistributions.

Regarding the other three compromise options, the regulation of basic terms of exchange occurred in recognition of the fact that employers linked working time policies to concern for and changes in economic performance. On the agenda of associational politics towards shorter hours was the individual firm's propensity to adapt and reorganise amidst widespread turbulence in the market environment.

Integral to the process were frequent references by employers to the vulnerability of domestic economies if a policy of shorter hours was pursued in isolation. In practice, they emphasized that the impact of a country's position within the international economy could not be ignored when introducing labour market policies, in particular those with redistributive objectives. The significance of a European-wide coordination of working time policies was a concern shared by employers and some unions in the three countries during the initial stages of the work sharing debate. On the whole, the importance of this factor was most clearly exhibited in the case of Belgium as a small country with an open economy, but it also surfaced with noticeable effect in France in 1981–1982 and in Britain in 1976–1978.

Furthermore, employers' associations, more than the individual entrepreneur, were motivated to – however reluctantly – accept working time reductions in the interests of established and routinized relations with trade unions. Moreover, in the face of a rapidly changing economic environment, the planning horizon in capital–labour negotiations included the recognition of stable and predictable bargaining institutions. Yet, the interest of safeguarding such labour relations, and with it preserving the durability of institutionalized bargaining systems, have to be so important to management that they render precarious a breakaway by employers, despite a favourable market situation and tempting political constellations. Encouraged by an unprecedented level of state intervention in labour relations in Belgium and Britain, employers considered or even tried to throw into question the primary role of trade unions in the labour market and in the workplace: their contribution to legitimate industrial governance (cf. *Garbarino* 1984: 40).

Trying to resolve problems of economic restructuring at the expense of established institutional arrangements took the form of excluding the labour confederations at the national and intermediary levels during the *Hansenne experiments* in Belgium. In Britain, the approach was more sophisticated. Using the second round of working time negotiations as a vehicle, employers in the engineering industry sought to introduce new rules and practices for firm–level bargaining which would have considerably curtailed the representational pluralism of unions. In France, the rapidly degenerating state of unionism during the Socialists' tenure in government provided numerous members of the *patronat* with incentives to ask why the CNPF should further recognise the five labour confederations, in particular the CGT and the CFDT, as representative and therefore legitimate collective bargaining organisations.

The Role of State Politics

Because small states like Belgium are dependent on developments and structural constraints in world markets which are beyond their control, they have invested considerable energy to framing their political and economic responses through *consociational* institutions. As seen in chapter III, the openness and vulnerability of its economy was a core reason to establish an extensive network of consultative institutions between 1945 and 1965. However, in the face of the evolving economic recession and growing labour market problems, the multi-dimensional arrangement proved unable to produce a commonly shared reading of the crisis. In the absence of such an understanding, none of the numerous Belgian Governments during 1974 and 1982 could provide policy alternatives to the economic and institutional crisis which had the endorsement of the other industrial relations actors.

The peculiar double structure of politicised, but linguistically and ethnically diverging, regional interest organisations in the Belgian system of labour relations further hindered the advancement of a consensual approach to the unfolding employment crisis. While it has to be kept in mind that the territorial tensions between French and Dutch-speaking citizens did not derive from the problems of economic recession and rising unemployment, they nevertheless proved to be a political catalyst that considerably hindered a possible cure on grounds of a consensual *modus operandi*. In other words, the mutual differences between both regions contributed to the "flowing together of socio-economic and communitarian cleavages" (cf. *Deweerd and Smits* 1982: 265).

With the objective of recasting the institutional pattern of Belgian policy-making, and linking industrial relations to economic and political prerogatives, statutory regulation initiated a series of conflicts with the two sides of industry from 1982 onwards. The Belgian example thus highlights how a Christian Democrat-Liberal coalition government tried to overcome the ever-deepening crisis of 'governability' through statutory regulation and the transformation of institutional arrangements in collective bargaining. Subsequently, government directives repeatedly formed the agenda of collective bargaining, shaped the scope and depth of negotiable issues and determined the appropriate levels of bargaining between unions and employers.

In political terms, the active promotion of macro-economic redistribution in favour of capital incomes forced the unions into cooperation with the government's incomes policies. The strategic importance of incomes policies, and the disciplinary effect which could be attained through statutory

norm-setting was reflected in the (i) devaluation of the Belgian Franc in 1982, (ii) the interruption of automatic wage indexation for two years, (iii) and the *Operation 5-3-3* which combined involuntary wage moderation with the reduction of the working week.

The French example points to a set of particularities of state-induced labour market policies that are expected to perform in the short-run. Properties of the policy process, such as institutional deficits in the industrial relations arena and implementation shortcomings resulting from shortcomings in policy coordination with a view to a clear goal, were obviously miscalculated during the initial period of the Socialist's tenure in government. What is more, by introducing a package of active labour market policies and redistributive welfare programmes whilst attempting to stimulate domestic growth against a background of slower growth and other macro-economic policy priorities abroad, the French situation of 1981/82 proved to be a unilateral endeavour in Western Europe. This exceptional position only underscored the need for an adequate base of support for policy implementation within the industrial relations system.

As shown, the institutional and economic problems did not put the government in a position of defending its initial commitment of *socialisme à la française* in general, and the 35-hour week in particular. The limits of national economic policies and isolated redistributive labour market strategies placed the state in a situation of being out of step with its major trading partners. The learning experience proffered by this situation reinforced the conclusion drawn by *Rueschemeyer and Evans* (1985: 62) that "even in countries where the state appears to be in the strongest position relative to private capital...the state remains dependent on private capital, foreign and domestic, not only to promote accumulation but also to produce a surplus in which the state itself may share."

Finally, the spectre of who might or does hold the seat of government loomed large on the French industrial relations tapestry, both unions and patronat always keeping an eye to the existing and potential incumbents of government. The power accorded to the executive, and to the President as its leader, plus the weak institutionalisation of the industrial relations system are the keys to this political dependence in France. This situation continues to the present day. Because industrial relations actors mainly depend on their respective positions in the so-called *rapport de force*, collective bargaining in France remains conflict-prone within as well as between the relevant labour market actors.

But still, we need to shed more light on the question of why the Socialist Government failed to gain the support of labour market organisations for external purposes? The Mitterrand Government undertook a tacit initiative of tripartism in 1981-1982 driven by the objective to seek organisational support for policy implementation. But its degree of formalisation was limited and the initiative concentrated on a specific field of policies, in particular work sharing. The initiative quickly faced

the twin problems of competing union leaders with limited authority over the rank—and—file, and employers whose reluctance to cooperate originated from the rejection of various policy measures and the means sought by Mitterrand to implement these.

What emerges from our empirical findings in chapter IV is that collective bargaining organisations were appreciated by the early Mitterrand Government for their instrumental capacity to act as promoters of reform. Yet, the Socialists ignored specific characteristics of the respective organisations and underestimated the pervasive self-interests of unions and employers' associations, in particular with regard to the interests of their members. Otherwise, if not pressed by a national crisis like in May 1968, the French state focused on statutory intervention in various policy fields and did little to change the widely unregulated character of labour relations.

In Britain, the Thatcher Government tried to recast the institutional design of politics in favour of the problem-solving capacity of government institutions (the state as a legislator) and the decentralised self-regulation of market forces. In both cases fundamental changes in the law and standard operating practices of industrial relations became politically feasible after the government had converted to monetarism and no longer depended as much on union cooperation, e.g. voluntary wage restraint, as its Keynesian predecessors had. In consequence, the negative external effect of inexorably rising mass-unemployment was primarily attributed to the irresponsibilities of industrial relations actors, in particular trade union incomes strategies. Nevertheless, an impervious attitude towards dramatically rising unemployment and shifting the blame to irresponsible industrial relations actors did not blight re-election chances.

The British industrial relations context further entailed that the individual strength of unions had to be taken into consideration as a potentially inflationary force that a government could not ignore as long as it was committed to full-employment policies. In consequence, the last Labour Government in Britain acknowledged this force by seeking to integrate labour confederations into the decision-making process of economic and social affairs. The *Social Contract* was the most prominent evidence for this approach. By contrast, the Thatcher Government used the fear of mass-unemployment, market based strategies and unprecedented industrial relations legislation to curb union power, in particular in the political arena.

It is thus tempting to conclude that governments can be strong in their capacity to intervene, i.e. they have at their disposal numerous instruments of regulation that differ in scope and content. The long arm of the state is ever-present as the strength of French *etatism*, Belgian statutory intervention in collective bargaining during 1982–1986 and the Thatcher decade between 1979 and 1989 in Britain testify. The state may not sit around the bargaining table but its ghost stalks the chamber. In France, more than in Britain and Belgium, the state played the leading role in shaping the industrial

relations context and was the most active protagonist in the administration of labour market policies. A long tradition of interventionist policies frequently shaped and predetermined the options. In the event of no agreement the possibility of state fiat was ever present.

The conclusion over institutional variation of state intervention into the labour market and the arrangement of industrial relations can be extended. Just when the Thatcher Government in Britain and the Martens V coalition in Belgium were firmly repudiating a macro-economic strategy built around Keynesianism since the Second World War, the Mitterrand Government in France opted to introduce an isolated reflation programme that featured all the ingredients of Keynesian economic policy-making. The French experience is also unique (in relation to the Belgian and British cases) regarding the absence of any explicit forms of tripartism. Whereas the implementation of the Social Contract illustrated the problems of getting such institutional arrangements off the ground in Britain, the Belgian case exemplified before the U-turn in 1982 a high degree of institutionalised co-ordination between the state and the two sides of industry.

While all three trajectories entailed intervention in the respective economies, important differences in technique, scope and content were apparent. Emerging in Britain was unilateral state action. Recasting industrial relations and advancing the rationalisation of the economy were directly enforced by the state. Belgium occupies a middle position in that the Centre-Right Government first combined statutory intervention with bargaining between the government and the two sides of industry. By contrast, the French socialist experiment actively sought to promote consensual approaches and regarded the labour market organisations as relay stations² for the implementation of reform policies, only to turn to unilateral intervention once it became apparent that an adequate base of support could not be established.

Still, differences in techniques and objectives of state intervention may yield similarities of outcomes. What then emerges is a central feature of contemporary state politics in conditions of sustained labour market problems. It rests in the fact that the most extensive advances in working time policies which have taken place in the 1980s in both Belgium and France stemmed neither from the operation of market forces, nor the successful orchestrating of collective bargaining institutions. Rather, the advances derived most *directly* from measures initiated by the state. Yet, the contrast between the approach of the Martens Government, exemplified by the *Operation 5-3-3* and the *Hansenne Experiments*, and that of the French Socialists, mirrored by the introduction of the 39-hour week and the *Delebarre law*, is most distinctive.

2) I owe this term to Claus Offe who 'relayed' it to me in a personal conversation.

Distinguishing in this way different forms and objectives of state intervention amidst diverging institutional arrangements of industrial relations has important implications for a central topic in our analysis: whether state intervention is conducive to or imperils the efficient operation of labour market policies. As shown, this will depend — *inter alia* — on the institutional setting of the state, its enforcement capacities and the degree of organisational support it can muster for its policies. While the latter concerns the internal strength of unions and employers' associations *vis-à-vis* their membership, the former two parameters inhere in contemporary politics and legacies of action on the part of state institutions.

Having elaborated on various sub-fields of labour market policies that repeatedly surfaced in the dynamics of the policy process, we are now in a position to return to our initial question concerning the transformation of work sharing strategies into measures enhancing temporal flexibility. Any attribution of causal primacy to this convergent end in the three countries cannot single out one core reason. Since the process by which they arrived at this outcome is different in Belgium, France and Britain, the underlying explanans calls on a combination of factors. This is where an analysis of the relationship between labour market institutions and actor constellations becomes decisive.

4. Why Labour Market Policies Change Course

Empirically we have observed in the preceding chapters that in France and Belgium the objective of reducing working time was pushed out to the sidelines following the first step towards the 35-hour week objective. In Britain a second hours round formed part of the bargaining agenda in engineering but any progress towards its effective implementation proved unattainable. While shorter hours did not make any further headway in the three countries, they demonstrated that the flexibilisation of working time became the new order of the day on the industrial relations agenda.

To explain such adaptation as the result of unfavourable political circumstances or by blaming the adversary at the bargaining table would appear short-sighted. Instead, we may recall that policy adaptation was linked to labour market actors interpreting contextual uncertainties, assessing possible trade-off constellations and perceiving the respective performance of policies. We thus draw attention to the following questions: which problems and constraints have lead labour market actors in Belgium, France and Britain to refrain from lending further support to work sharing

strategies? and secondly, what kind of adaptation strategies did the respective actors introduce in light of the problems surfacing in each country?³

Contextual Uncertainty

The degree of unpredictability involved in work sharing greatly complicated the task of labour market actors. Any policy focused on the objective of labour market performance had to be tentative with regard to its operational guidelines. All three country cases suggest that the announcement of policy objectives can be a double-edged phenomenon, in particular if objectives are pursued which are *not* under the control of those announcing them. The French experience between 1981 and 1983 is a particularly instructive example of the problems that can arise with an *explicit* commitment to a policy, working time reduction, and the objective, reducing unemployment.

Within the policy itself contextual uncertainty relates to (i) the amount of reduction, (ii) the degree of wage compensation and (iii) implementation procedures. As regards the performance of the policy uncertainty hinged on (i) business strategies of employers, (ii) the overall economic impact, (iii) the effects on organisational links between the industrial relations actors, (iv) the autonomy of individual firms, (v) the mosaic of preferences within the workforce and (vi) employment effects. Indeed, the only element that could probably be anticipated in advance was that there would be uncertainty about future consequences and unforeseen contingencies!

Note further that identifying unemployment as an object of public policy can lead to an intriguing situation which surfaced more or less clearly in each of the countries under consideration: the demand and search for labour market policies might rise faster than the actual supply of adequate programmes which are capable of dealing with the nature of the crisis. Hence, existing capacities to carry out a range of labour market policies influenced industrial relations actors' choice of policies.

Moreover, redistributational labour market policies could be politically desirable but this says next to nothing about their likely performance. In other words, as the French and Belgian experiences at the beginning of the 1980s testify, the desirability of a policy was not a guarantee for its (later) success, let alone its economic rationality. Dissent over labour market policies often derived

3) These remarks are made with the benefit of hindsight. What seems clearer today was strongly coloured by its own time and place a decade earlier.

from conflicts over yardsticks to be applied. Should a government endorse an economically dubious and uncertain, but politically desirable, policy? The Mitterrand example of 1981–83 testified to this. Vice versa, the decision making process lost none of its unresolved consensus problems. Thus, we have to take into consideration that political desirability can be subject to repeated controversies within the industrial relations system, and must therefore allow for the possibility of necessary adjustments that characterised the policy process in all three countries.

But the diversity of contextual uncertainty cannot be held responsible for everything. Whereas differences in degree of uncertainty existed between the three countries, they cannot alone account for policy modification. Our findings rather suggest that the line of argumentation has to be expanded to the complex of factors focusing on particularities of Belgium, France and Britain.

How Sustainable are Labour Market Policies?

In order to achieve a clearer picture of policy adaptation we need to explore in more detail cause and effect. The notion of the *sustainability* of redistributive labour market policies can provide some additional stepping stones for our understanding of policy adaptation. Recognising the unsustainability of a policy, and the way such recognition influences subsequent policy choices, has been given extended attention in the Belgian and French chapters of this study. In both cases action was taken because governments were faced with a set of indicators that called for swift and thorough policy adjustments. Hence, policy modification in Belgium and France has to be put in a broader context. From a political point of view, the decision to make a U–turn was seldom chosen on purely domestic grounds. Mounting external pressure could and did act as a trigger for and fuelled the legitimacy of policy modification.

In the economic literature, the problem of sustainability is defined as a situation in which a given course of policy encounters difficulties. The emergence of such a crisis situation is reflected in both the accumulated evidence and the interpretations of labour market actors that the chosen course of a policy has become unsustainable. In consequence, policy makers have the choice between termination of the policy, goal displacement or a switch of priorities (cf. *March and Simon* 1958: 150–158; *OECD* 1988).

In Belgium, the objective of restoring the internal balance of the economy and halting the erosion of institutional arrangements subsequently affected the formulation and modes of implementing labour market policies. In contrast to the interventionist approach taken with the 5–3–3

formula, the *Hansenne working time experiments* aimed at an active deregulation policy. The effects of this modification on the further course of Belgian working time policies mainly concerned a switch from work sharing aspirations to flexibility objectives. By and large, the working time experiments implied dismantling barriers in labour law, and thereby increasing the general adaptation capacity of Belgian firms.

Seen from the perspective of the labour confederations, the intervention of the Martens Government in industrial relations affairs increasingly threatened to deprive the unions of their essential legitimacy: industrial governance. In contrast to employers who can react to repeated statutory regulation by drawing on the resources of autonomous decision making at the plant level, unions do not have such an alternative at their disposal. The consequences of this disparity were reflected in the Catholic and Socialist labour confederations' willingness to engage in considerable policy concessions, if only the further limitation of collective bargaining could be brought to a revision. The labour confederations' willingness to make such concessions illustrated how profoundly the exchange relations between the state, capital and labour were being transformed to the detriment of the latter. What happened in Belgian industrial relations between 1982–1986 "constitutes an out—and—out shift of power" (cf. *Spineux* 1990: 50).

Faced with a review of strategies, the Belgian unions are gradually acknowledging new, mainly qualitative issues in a context of change and discontinuity. Engaged in such a critical reflection of their bargaining priorities during the past decade, the trade union position can be characterized as an adaptation to circumstances and pragmatism. This endeavour entails the search for credible alternatives and a response to the extension of precarious, non—standardized forms of employment in the Belgian labour market. In doing so, defending and recasting the principles of concertation and autonomous decision making has advanced a spirit of 'new realism' in Belgian industrial relations.

The French case is first and foremost a striking example of where unilateral attempts can lead a government committed to active labour market policies and redistributive welfare programmes. From the viewpoint of the French Socialists, the 1981–1983 episode constituted an acute dilemma caused by goals and policies which were implemented in isolation. The experience also provided disillusioning evidence regarding the imposition of limits on government's freedom of action through international interdependence and international institutions (cf. *OECD* 1988: 56–64). The manifest shift of policy priorities waved goodbye to *Socialisme à la Française* undertaken in mid–1981. Thus, the Mitterrand experiment between 1981 and 1983 "ended in largely the same type of balance of payments problems, political retreat and ideological demoralisation as half a century earlier the 1936 Blum Government" (cf. *Therborn* 1987: 280).

The need to step back into line entailed, *inter alia*, the redirection of working time policies. The U-turn in 1983 illustrated that working time policy was henceforth treated as a strategy to enhance the operation of market forces. Thus, establishing new style trade-off constellations and refraining from a uniform standardisation of working (time) conditions represented the central components of a decade-long policy debate.

But it would be short sighted to blame monetary and other macro-economic factors alone for the turnabout. Institutional variables and the contingencies of strategic decisions by, and interactions of, collective actors and, thus, the possibility of a different outcome, help to explain the remarkable U-turn of the French socialists. The acknowledgement of domestic and foreign economic constraints which the government encountered in 1982-1983 was not only dependent on monetary considerations, but also subject to an (implicit) definition of *politically* tolerable risks and costs. Such an analysis of the policy shift calls attention to the role of collective bargaining organisations, in particular their capacity to internalise macro-economic parameters such as inflation through a policy of voluntary wage moderation.

In a similar vein, the analysis of the French case illustrates that the state-induced politics of working time reduction lacked the institutional support needed to translate a generic formula into a concrete programme. This translation is shaped by collective bargaining organisations that work as filters for the implementation of redistributive labour market policies. But the high hopes for institutional change orchestrated by the French Government in 1981/82 foundered in the face of (i) economic constraints, (ii) the inability of labour market actors to respond to the fragmentation of collective interests within and between their organisations, and (iii) the institutional immobility in the industrial relations arena. Under these circumstances a multi-year scheme on shorter basic hours became subject to considerable adaptation pressure and was eventually pushed to the sidelines altogether.

But can we analyse the British case through the lens of sustainability? The focus, in my view, is too partial and incomplete. What needs specific attention regarding the British experience is the interplay between the profound revision of macro-economic policy priorities, legal intervention in unions' collective bargaining capacities and the degree of discretion that actors at the shop floor have at their disposal. In particular the influence of the shop stewards at this regulatory level accounts for the central difference between the British on the one hand and the Belgian as well as the French systems of industrial relations on the other. We can thus enlarge the focus of inquiry on policy modification from contextual uncertainty and the (un-)sustainability of policies to embrace the dynamic of institutional arrangements in the labour market.

Using the fear of mass-unemployment proved to be a major weapon for placing the idea of flexibility on the agenda of collective bargaining in Britain. The search for greater flexibility in working practices and its combination with a revision of routinised patterns of interest representation was profoundly influenced by the socio-economic costs of the British recession between 1980 and 1984. The possibility of being touched by unemployment exposed employees and union representatives to a predicament which subsequently shaped their perceptions of collective bargaining priorities. The same disciplinary effects hold for the Belgian case. But the parallels do not end here. Repeated statutory intervention in the industrial relations system by the Thatcher and Martens Governments further paved the way. With the political marginalisation of the unions, labour organisations' bargaining power on a variety of issues was significantly curtailed in Britain and Belgium. Arguably, the lesson learnt at the firm level about the costs of austerity and the adverse consequences of directly repudiating central negotiations had a greater impact on the collective actors than what could have been achieved by legislation alone.

Returning to the British example, the TUC's *Campaign for reduced working time* increasingly lost momentum the more the 39-hour week was becoming the new standard. What is more, the lack of impetus was also influenced by the inability of the labour confederation to successfully confront the shop-steward level with the overtime problem. The drama of the British labour market evolution *during* the staged implementation of shorter hours further discredited the policy.

The general lack of success in terms of labour market outcomes may primarily be attributed to the structural irresponsibility of the firm level bargaining system. While the TUC campaign reported increasing rates of settlement, the pattern of agenda-setting at the local level was decided by other rationalities and bargaining routines. Within a fragmented, competitive and decentralised bargaining arrangement, the length of the implementation chain from top to bottom was systematically underestimated by national industry negotiators.

Regarding the possibility of a second hours round we observed a complex enlargement of the bargaining agenda. In Britain this enlargement was primarily due to initiatives on the part of the employers. By contrast, the Belgian case mirrors the degree of state monitored issue enlargement, as became apparent in the 5-3-3 exchange model and the Hansenne experiments. France holds a middle position in that employers sought to re-define the agenda of inter-industry bargaining on working hours. But in doing so, they were widely encouraged by the modernisation concept that the Fabius Government introduced in 1983/84.

In general, working time reduction was linked to wide-ranging flexibility concessions, cuts in job demarcation, the rationalisation of bargaining arrangements and the revision of employment provisions. The employers' onslaught combined enlarged labour flexibility with new-style agree-

ments that included an emphasis on consensual style bargaining, in the French case labelled "dominant-donnant". As shown in chap V, it was the latter demand which increasingly assumed centre stage in the British negotiations and ultimately contributed to a failure of the negotiations. Seen from this perspective, the rationalisation of collective bargaining procedures and sustained flexibility provisions formed part of an industrial relations package unprecedented in negotiations at the national level in Belgium, France and Britain.

In light of considerations such as these most unions perceive agreement on shorter hours the lesser evil to a compromise which either (i) risked to curtail the representative pluralism at the firm level, as was the case in Britain, (ii) or eroded intra-union consensus formation like in France, reflected in the 1984 syndrom. Pushing the claim out to the sidelines and instead accepting flexibility provisions which were not burdened by trade-offs related to the design of industrial relations was less conflictual than pressing further a high-risk strategy of shorter hours at the national level. The acceptance of flexibility deals limited in scope and content was also enhanced through the fact that, in terms of wage bargaining on the shop-floor level, engineering unions were making considerable headway since the mid-eighties (cf. Marsh 1992: 205, 207).

Finally, the employers' focus on wide-ranging flexibility concessions and the unions' attempt to provide a comprehensive blueprint on flexibility were both guided by the extensive transformations of the labour markets in the three countries during the 1980s. As shown, various forms of non-standard employment increasingly lost their exceptional character. With the flexible labour force growing to a sizeable one-third of the workforce as in Britain, which constitutes the front-runner of our country sample, any industrial relations actors ignoring such a tidal wave of change would risk isolation in collective bargaining and interest representation.

Responding to the challenge of labour market flexibility has thus assumed centre stage in Belgian, French and British labour relations. While companies are — often — quietly introducing many changes in working conditions without cutting the working week, the unions are seeking appropriate trade-offs and have singled out pay bargaining as well as shorter hours. In that respect, the issue of working time reduction has undergone a profound transformation as regards its objectives and justifications.

Linking the Facets of Policy Modification

The interpretive utility of seeing policy modification as caused by a mosaic of qualifiers allows us to refocus the analysis in several ways. Looked at through the lens of contextual uncertainty, we may see policy adaptation as the result of a core problem that bedeviled sustained unemployment in Belgium, France and Britain: it tended to create political and social circumstances under which it became increasingly difficult for the industrial relations actors to confront the crisis in a promising manner.

Seen through the lens of sustainability, domestic and international economic constraints come to view as well as institutional rigidities which tended to create a policy dilemma up to the point where a dramatic policy U-turn became inevitable. The lens of labour market institutions can clarify organisational resources of industrial relations actors and elucidate how policy making is shaped by the interaction of structure and agency. Neither of the lenses is complete without the other to bring into focus the different facets of policy modification.

The overall claim then is that at a micro-level transformations are shaped by institutional rigidities that derive from organisations' interest to maintain their equilibrium. It is because of such tendencies that labour market actors are not to be viewed exclusively as means for achieving specified ends, but simultaneously as ends in themselves (cf. Scott 1992: 52). At the macro-level, what is (un-)sustainable can depend as much on what is happening abroad as what occurs in the domestic organisational interplay between the state, employers' associations and trade unions. At the end of the day we are left with the conclusion that the architecture of politics is a continuing process of structuration in which labour market actors are embroiled in the complexity of constraints and opportunities.

It is here that our convergence hypothesis needs reconsideration. Conceptualized in dynamic terms, different processes could be observed in the three countries: for instance, what is predominant in the Belgian case is that capital-labour bargaining was forced to conform to policy goals and modes of policy making taken by an external actor, the state. In Britain, coercive effects were also at work. But pushing the idea of temporal flexibility on the bargaining agenda was equally fuelled by the recognition of learning about the problems of working time policies, not least deriving from the significant transformations in the British labour market during the eighties. Finally, the French example illustrates how the government's labour market policies were increasingly driven by the need to avoid unnecessary discrepancies, to mitigate unintended consequences of domestic policy, in a word, to step back into line.

Divergence in the political processes by which Belgium, France and Britain reached similar outcomes leads us to the acknowledgement of institutional forces endogenous to the industrial relations systems. Within this context, institutions governing the decision making process of labour market actors can be understood as normative arrangements with lasting effects on the patterns of social relations. Hence, a particular institutional setting may effectively influence the policy choices of collective actors. The matrix of incentives and constraints that a network of institutions displays are fundamental to our understanding of the adoption, implementation and evaluation of labour market policies. The dual nature of institutions thus creates opportunities and places constraints on governance and politics.

Institutions affect the way labour market actors interpret unemployment and arrive at policies which pertain to focus on its solution. They provide actors with resources for policy implementation and regulate the use of resources. More broadly speaking, institutions define the "formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy" (cf. *Hall* 1986: 19). Seen from this perspective, institutions have a bearing on the costs and benefits as well as the trade-off texture and the interactions of organisations involved in the implementation of labour market policies.

If I am correct in assuming that institutional dynamics shape the process of policy modification, then the final question is, what are the qualifying conditions that can encourage the refinement of policy instruments within organisations? At this stage, it goes beyond the scope of our analysis to outline the conditions in detail. Rather what needs specification is what such a refinement should accomplish in the first place. All the more when considering that a deceptive but profound learning experience deriving from our analysis entails that the effective means of ameliorating the employment crisis were either beyond the reach of strategies implemented by the labour market actors, or involved costs and sacrifices that these were unable to bear.

Within this dynamic context, organisational learning calls to attention self-regulatory capacities of organisations. This capacity includes that collective organisations not only seek to forward their respective goals, but also put greater emphasis on external, long-term effects of their actions. The introduction of organisational procedures capable of enhancing such properties could take the shape of a 'Richter-scale' which indicates to organisations the consequences of their policies more rapidly. Such a policy barometer can be understood as a cognitive extension of the organisation's perceptive horizon, and thus gradually contribute to organisational learning.

While such a tentative project would allow for organisational self-regulation, it avoids the contemporary fashion of a free-for-all deregulation. But given the constraints under which labour market actors were typically operating during the 1970-1980s, there can be no guarantee that such

an indicator is capable of significantly changing the process of policy making. Moreover, there is no royal road to more effective policy surveillance. The different stages in the policy process need as much attention as defining the scope for feasible improvements.

Still, the contours of such a learning process depend essentially on what *March and Olsen* (1989) have termed "the search for appropriate institutions." To be effective, the design of appropriate institutions must recognise two qualitative criteria: (i) taking the view of the other(s) into consideration, for instance learning from other organisations, and (ii) the capacity to be prospective, i.e. reasonably future concerned. The persistence of labour market problems and conflicts over their resolution have become a permanent feature of contemporary Western European societies. Because organisational innovation as well as institutional rigidities will continue to conflict in the face of such pressing problems, the search for a new architecture in the development of labour market policies continues.

All the more when bearing in mind that the labour market developments in the three countries under consideration exemplify the process of progressive decline of a post-war policy principle: full-employment. Those who have warned that a sustained labour market crisis would wreck the economy and impair domestic social cohesion have been discounted as *Cassandras*. Regarding both the increased prominence of non-standard forms of work and the gradual spreading of *non-employment* in Britain, France and Belgium (cf. *Balls* 1992: 11), the post-war definition of full-employment as a target in which virtually everyone who wants a permanent job can obtain one becomes increasingly doubtful. With employment flexibility acquiring a new aura of legitimacy, the priority given to the full-time worker, who is male, skilled, blue-collar and between 30 and 45 years of age, can no longer withstand uncontested scrutiny (cf. *Lane* 1989: 583). The persistent labour market crisis during the past 15 years underlines that the nature of exchanging time for money and a standard employment contract are being fundamentally transformed.

The Future of the Working Time Debate

We are thus left with the formidable task of reconsidering the scope and content of the exchange relation. Such a task cannot be undertaken in detail at this point. Policy recommendations in comparative research are always subject to the criticism that proposals generated from one country could not possibly work in another. Comparative researchers know only too vividly that no two or even three countries are the same, and that the exportation of policies, let alone institutions⁴, is hazar-

dous. But comparative work can bring a wider range of options to view. In this regard, I shall discuss a number of policy alternatives in different areas.

In the interest of brevity, we can begin to identify some necessary parameters for such an enterprise. Any answer has to bear in mind the interrelation between flexibility concepts and industrial relations reform. The arrangement of industrial relations are co-directing the very nature of the trajectory. Accumulating the capacity necessary for weathering such challenges thus calls for an institutional design capable of embodying and policing strategic prudence opposed to particularistic temptations. Strategy-induced bargaining entails a sequence of steps and regards processes as malleable. They can therefore be re-designed and re-directed. Thus placing collective bargaining priorities under the reservation of potential revisions seeks to establish arrangements in a manner that it creates more, than it hinders, decision making possibilities.

Such a system incorporates cooperation and productive discomfort within and between the actors involved. In that respect, one of the main issues resurfacing in current industrial relations is where the respective labour market actors organise the institutional conditions and social sources of obligations that can transform a zero-sum game into positive-sum solutions. With regard to the central topic in this analysis — working time policies — the dichotomy of risks and chances deriving from such strategic behaviour implies both a lesson and an alternative trajectory.

While work sharing proved to be inherently random as concerns its outcome, innovative working time policies can effectively be introduced the more constructive and original solutions are sought. Besides, the demand cannot be isolated from other problem fields of the labour market in general, and the individual sector or firm in particular. As *White* (1987: 22) claims, "the development of more predictable results depends upon employers and trade unions [to] agree to enlarge the scope of their agreements and hence to bring more elements of the problem under their joint control."

In order to confront these different transformations, industrial relations actors face the task of engaging in complex bargaining across issue-areas. This necessitates discretionary control over a wide range of resources. But extracting a level of resources equal to this challenge from the present arrangement of industrial relations systems in Belgium, France and Britain remains a conundrum. The described shift from the national level as the key arena of regulation to more firm-based institutions underscores the argument. As a result of state-induced decentralisation in Belgium and

4) Our analysis must leave open the question of the 'exportability' of labour market institutions, and rather assess specific policies which can succeed in particular institutional environments.

France, whereas in Britain the local level has traditionally assumed priority over the national level, the structure of labour relations has rendered the firm actors a new and more important role (cf. *Hancké* 1991: 466; *Segrestin* 1990: 97).

This challenge is amplified by developments, in particular in France, where the idea of a union is becoming less and less acceptable within the workforce. As shown in chapter IV, organised labour is incomprehensible to many of these. The question of union survival is at the heart of contemporary French labour debates, and is receiving increasing attention in Britain through union mergers. By contrast, the Belgian case illustrates a remarkably high level of union density throughout the eighties. This difference is strongly influenced by the operational logic of the national public unemployment system. In Belgium unemployment benefits are partly paid out by the approved trade unions (cf. *Berghman et al.* 1987: 776; *Rothstein* 1991: 10).

What implications do these findings have for the original initiative of enhancing labour market effects via the trajectory of cutting standard weekly working hours? As shown in the empirical parts of this study, measures aimed at reducing basic working hours were at the heart of debates about labour market policies during the past decade. By contrast, the focal point of current debates rests on defining organisational features of working time. Achieving temporal flexibility is the order of the day, and reduced basic hours are being considered as a possible trade-off element in collective bargaining. This suggests that the notion of enlarged flexibility options in working time organisation has gradually been accepted by the unions. However, their commitment to enhance flexibility in the areas of (i) working conditions, (ii) job profiles, (iii) rationalisation of bargaining procedures, (iv) and new-style pay systems constitute the controversial compromise dimensions. In short, distributional objectives have been replaced by concerns over the allocation of time and its influence on revised working practices.

Within this context, flexible production patterns and working conditions as well as new-style bargaining procedures constitute transformations that touch base with trends in individualized employment conditions, multi-skilling and moves toward greater employment mobility. These developments in the Belgian, French and British labour markets not only bring new issues on the collective bargaining agenda, but also demand conceptual answers that invariably call to attention the strategies to be adopted in the future. Measures to improve the flexibility of industrial relations thus merit a place on the political agenda of the 1990s. This is a large and uncharted subject. In short, there are numerous questions still searching for answers. The discussion must be regarded as a preliminary reconnaissance rather than an exhaustive mapping.

The demands on the agenda of collective bargaining and industrial policy during the 1990s include dismantling of labour market regulations, performance related pay systems, access to

training and qualifications, just-in-time production and breaking through demarcation lines of the working day and the five-day working week. The hours component in this menu of options focuses on (i) weekend working, (ii) annualized hours schemes, (iii) round-the-clock working schedules and (iv) non-standard working time schemes. In short, temporal flexibility is used as a vehicle for changes in manpower policies.

Furthermore, a noticeable feature of the 1990/91 bargaining year in Britain was the move towards *longer* basic working hours in different sectors. Initiatives to increase working time as part of a sustained push for more flexible working patterns are at the centre of demands put forward by British Coal, and various firm-level agreements have already been reached in banking as well as insurance. Union initiatives to re-establish the demand for shorter hours are increasingly being opposed by employers which seek to (re-)direct the hours pendulum towards the extension of the working day and the working week. This confrontation is not only taking place in Britain but also in Germany as the recent discussion on labour market flexibility has shown (cf. *Bastian* 1993).

Setting the terms and conditions for encompassing restructuring measures in production patterns and the organisation of work implies that the whole set of collective bargaining standards and industrial relations norms is put on the agenda of labour market policies. Given such new bargaining requirements, the relevant labour market actors face the task of reaching exchange formulas which in turn demand significant concessions from unions and employers. The blueprint for such a comprehensive approach has yet to be finalised in the field of working time policies. But, as shown in the course of this study, there are several indicators for changes developing as well as pressures evolving which call for such an undertaking in Belgium, France and Britain.

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The Sunday Times:

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Appendix

Tabel 1

List of interview partners in Belgium

<i>Digit</i>	<i>Date</i>	<i>Organisation and function of the interviewees</i>
01	08.06.1988	Confédération des Syndicats Chrétiens de Belgique, Research Department
02	10.06.1988	Fédération Générale du travail de Belgique, Research Department
03	07.06.1988	Fédération des Entreprises de Belgique, President of the Association
04	07.06.1988	Université Catholique de Louvain, Department of Economics, Section <i>Economie et Société</i> (four members of the Department)
05	07.06.1988	University of Liège, former senior advisor to the Secretary of Employment
06	06.11.1988	University of Antwerpen, Social and Political Sciences Department
07	08.07.1988	Ministry of Employment, Department of Work Organisation Regulation
08	09.06.1988	Ministry of Employment, President of the Department of Work Organisation
09	09.06.1988	Former Secretary of Employment

Appendix

Tabel 2

List of interview partners in France

<i>Digit</i>	<i>Date</i>	<i>Organisation and function of the interviewees</i>
01	16.05.1988	Conseil National du Patronat Français. Collective bargaining representative
02	18.05.1988	Confédération Générale du Travail. Collective bargaining representative
03	20.05.1988	Confédération Française Démocratique du Travail. National official
04	02.12.1988	Confédération Générale du Travail — Force Ouvrière. Collective bargaining representative
05	18.05.1988	Centre de recherche Travail et Société, Université Paris—Dauphine. Departmental representative
06	20.05.1988	Institut Européen d'Education et de Politique Sociale, Université Paris—Dauphine. Director of the Institute
07	17.05.1988	Commissariat au Plan. Industrial relations representative
08	17.05.1988	Ministère des Affaires Sociales et de l'Emploi. Sub—director of the collective bargaining division

Appendix

Tabel 3

List of interview partners in Britain

<i>Digit</i>	<i>Date</i>	<i>Organisation and function of the interviewees</i>
01	27.06.1988	Trades Union Congress, Economic Department
02	28.06.1988	Transport and General Workers Union, National Secretary for Research & Education
03	28.06.1988	Industrial Relations – Review Report, Research Department
04	29.06.1988	Trade Union Research Union, Ruskin College, Oxford. Collective bargaining Department
05	29.06.1988	Policy Studies Institute, Research Associate
06	15.11.1988	Templeton College, Oxford Center for Management Studies, Research Associate
07	02.07.1988	University of Bradford, Schools of Industrial Technology, Research Associate
08	30.06.1988	Confederation of British Industry, Collective bargaining Department
09	30.06.1988	Department of Employment, Director of Employment Affairs